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The World's Daily Newspaper

London, Saturday-Sunday, June 20-21, 1998

Kohl Plays **Nationalist Card in Shift** On Europe

Attack on Federalism Taps Into Voter Fears Of Euro and Superstate

By William Drozdiak

BERLIN — During 16 years in power, Chancellor Helmut Kohl earned respect at home and abroad for his dogged determination to build a United States of Europe. When East and West Germany were merged in 1991, he insisted his ultimate goal would be achieved only when German and European unity were recognized as "two sides of the same coin."

But as he struggles to revive a flagging electoral campaign to win an unprecedented fifth term in office, Mr. Kohl is sounding less like a visionary statesman and more like a parochial nationalist.

In the time-honored tradition of politicians so desperate they run against their own record, Mr. Kohl now derides the notion of a Continental superstate and lambastes those who would surrender more sovereignty to European Union institutions.

At a summit meeting this week of European leaders in the Welsh scaport of Cardiff, Mr. Kohl said he would no longer tolerate paying the lion's share of the EU hudget and demanded a sharp reduction in the \$13 hillion that Ger-

many shells ont each year. Commentators claimed his behavior was reminiscent of his arch nemesis Margaret Thatcher, the former British prime minister who antagonized Mr. Kohl by her skepticism toward Europe and dis-may about German reunification.

In defending what critics call a be-trayal of the federalist cause, Mr. Kohl insists that the momentous changes ent of a n currency, the EU's expansion to 20 or more members and pressing security challenges in a fast-changing world now require a dramatic transformation in the

way Europe will be managed. But the startling turnabout in Mr. Kohl's policy toward Europe also seems rooted in the shifting sentiments among

See KOHL, Page 4



Lawrence Summers, left, meeting with the Japanese foreign minister, Keizo Obuchi, on Friday.

West Snaps Up Asian Businesses

As Crisis Deepens, U.S. and European Firms Move In By Michael Richardson

International Herald Tribune

SINGAPORE - As East Asia's financial and economic crisis deepens, Western companies are buying Asian businesses at a record rate to increase their strategic presence in the region and outflank rivals, especially from Japan, executives and analysts say.

"The aggressive maneuvering by European and American firms in Japan's own backyard could put Japan at a competitive disadvantage for years to come," said Robert Broadfoot, managing director of Political and Economic Risk Consultancy Ltd. in Hong Kong. "It will into alliances with either Americans or Euro-

Since the financial crisis in East Asia began almost a year ago, Western firms - led by U.S. and European corporations - have spent tens of billions of dollars to snap up Asian assets forced onto the market and made much cheaper by the economic slowdown and the plunge in local

currency values. Executives involved say that they expect the Western huying to surge further over the next few years, despite fears being expressed by some Asian officials about loss of control over their

'It's an extraordinary opportunity for American and European companies to make acquisitions in Asia," said Daniel Schwartz, the publisher of the Asian Venture Capital Journal, which is hased in Hong Kong.

'In the United States and Europe, you have enormous amounts of capital and liquidity. In Asia, there's a capital shortage that borders on insolvency for some countries and many local companies. Asian share prices are way down and some stocks are just a fraction of what they were

Mr. Schwartz said that in the first four and half months of 1998, his company had tracked 479 merger and acquisition deals in Asia worth more than \$35 hillion. Those figures are well ahead of the 711 such deals worth nearly \$59 hillion for the whole of 1997 and 627 deals worth \$45 billion in 1996.

He said that the huying was dominated by

See BUYOUTS, Page 5

Pressure Rises on Japan As G-7 Officials Arrive

Tokyo Hints at Merger to Save Big Banks

By Sheryl WuDunn New York Times Service

TOKYO - As Lawrence Summers, the deputy U.S. Treasury secretary, pressed Japanese leaders Friday to bolster the economy and urgently tackle the nation's bad loan problems, news reports surfaced that the Japanese government might rescue two of the nation's major Japanese banks by merging them.

Meanwhile, two days after the United States and Japan joined in a surprise intervention to bolster the faltering yen, senior finance officials from the Group of Seven industrial nations began gathering Friday for meetings here Saturday to calm Asia's financial surbulence.

Taking part in the talks will be G-7 deputy finance ministers, officials from 11 Asian nations, including China, and representatives from the In-ternational Monetary Fund and the World Bank.

A Finance Ministry spokesman bricking report-ers on the meeting said Mr. Summers and Japanese

officials welcomed the results of the intervention against the plunge of the yen this past week and

were ready to repeat the measure.

The yen rose 1 percent to 137.45 yen per dollar on expectations that Japan would act to clean up its

financial problems.

Earlier, the Kyodo news agency, citing unidentified Japanese officials, said that authorities were considering a merger of the Long-Term Credit Bank of Japan Ltd. and Nippon Credit Bank Ltd., two of the nation's 19 largest — and weakest —

institutions. Trading in the shares of the two banks was suspended by the Tokyo Stock Exchange early Friday afternoon as it tried to confirm the report.

Both institutions denied the reports by late af-

ternoon. The state of play is not clear, for the original report was not entirely reliable, but neither were the denials, because Japanese companies sometimes stoutly detry such reports until the moment they confirm them.

Kanezo Muraoka, the chief cabinet secretary, suggested Friday that the government would re-frain from supporting feeble banks.

The government "intends to let bad banks col-lapse, and it does not have any intention of bailing them out," Mr. Muraoka said, as quoted by the Kyodo news agency. He added that the government will be mindful of clients and counterparties of a failed institution.

In various meetings Friday, with Mr. Summers, Japanese leaders stressed Japan's efforts to clear away the bad debt and holster the economy, while Mr. Summers called upon Japan to continue fiscal

stimulus, including tax cuts. Mr. Summers described his talks with Finance

See YEN, Page 15

Suddenly, an Independent Middle Class Is Flourishing in China

By Elisabeth Rosenthal New York Times Service

BEUING — Every Friday afternoon, dozens of late-model cars pull up to the iron gate of the 3-year-old 21st-Century Experimental School,

one of this city's new private schools.

In a city where sturdy black bicycles are still the favored mode of transportation and borsedrawn carts ply the streets, men in suits and women wearing diamonds alight from Fords, Jeeps and BMWs, rushing into the huilding to pick up their children. pick up their children — some as young as 5 —

who board at the school from Monday to Friday at a cost of \$2,000 a year.

It is a substantial sum in a country where the average annual income is \$1,000. And tuition does not include the \$10,000 "contribution" that parents generally make when their children enroll. But parents fight to have their children

"The tuition is high," said Du Juan, who owns an information consulting business. "But it's worth it for my daughter's future. The teachers, the environment and the equipment are

From the ashes of communism, the last few years bave seen the stunning growth of a flourishing Chinese middle class. Ten years ago, this group did not exist, but now its core of independent businessmen has been joined by a growing number of private-sector lawyers, artists and employees of joint-venture compa-

It is first defined by what its members have: computers, microwaves, interior decorators and, increasingly, cars and homes. On Saturday nights they go to concerts and in winter they vacation in Thailand. But the rapid accurat-

lation of material goods bas left its psychological mark, infusing this group with a kind of independence, and carefree optimism, that has not existed in China for decades.

"For many people the change in the last decade has really been tremendous — so tremendous it's hard to measure," said Conghua i, a Beijing-born analyst at Deloitte and Touche Consulting Group in Toronto. "Every time I go back, I'm shocked and surprised. mostly in a good way."

See CHINA, Page 4

Support of Yen **Came Without** Quid Pro Quo

By Carl Gewirtz

PARIS — Despite widely held expectations that some quick fix would be announced over the weekend for the Japanese economy and the weak yen, bankers warned Friday that there was no magic solution and that more turmoil remained ahead.

Optimism that quick results would follow a meeting Saturday of senior finance officials from the Group of Seven industrial nations is misplaced, said analysts at Bankers Trust and J.P. Morgan.

The surprise U.S. intervention this week that revived not only the yen but also emerging-market currencies and equity markets around the world was not a signal for some dramatic change in Japanese policy to be announced over the weekend, they said.

"There is no new plan," Philippa Malmgren at Bankers Trust, said of Japanese policy-makers. "They have nothing to announce."

She added: "And even if there were a plan, they couldn't possibly announce it before the

they couldn't possibly announce it before the July 12 upper house election because any plan would imply somebody's joh is going to be

Said Avinash Persaud at J.P. Morgan: "There is nothing on the horizon to alter the fundamental dynamism weakening the yen."

The senior finance officials from the G-7 countries and the Asia-Pacific region are gath-

ering in Tokyo for a meeting Saturday aimed at prodding Japan to do more to pull its economy out of recession.

pan as repayment for the midweek turnaround by the United States to support the yen against the dollar in the foreign-exchange market.
"I can't believe the U.S. government would

have put its credibility at stake by intervening to support the yen without having a firm commitment from the Japanese government for some dramatic new initiative to lift the economy

out of recession," a European banker said.

Typical of the high expectations pervading the market was a comment from Takeshi Hanai, head of foreign exchange at Industrial Bank of Japan Ltd. He was quoted by Bloomberg News as saving that "Japan could be forced to enact a permanent income-tax cut and adopt bolder measures to revive the economy."

"It's increasingly apparent that the U.S. decision to intervene wasn't made by Treasury Secretary Rubin but by President Clinton, Ms. Malmgren said. Prodded by the U.S. State Department, which feared the president would be embarrassed if China devalued its currency while be was there on a state visit, she said Mr. Clinton initiated the overture to Prime Minister Ryutaro Hashimoto to intervene to halt the yen's decline without receiving any specific commitment on what the Japanese would

See JAPAN, Page 15

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AGENDA

UN Votes to Aid Sales of Iraqi Oil

UNITED NATIONS, New York (Reuters) - The Security Council on Friday unanimously approved \$300 million in equipment to upgrade lraq's dilapidated oil industry so it could meet higher export targets under the UN oil-for-food program.

Iraq, however, opposed language in the resolution that it says would make the program permanent, Bagh-dad wants the sanctions ended. "Iraq is going to reject this res-olntion," said its UN ambassador,

Nizar Hamdoon. Iraq is allowed to sell \$5.25 billion in oil over six months so it can buy food, medicine and other burnanitarian supplies for its people to ease the impact of the sanctions imposed after Iraq invaded Knwait in 1990. Iraq smuggles oil to Turkey. Page 4.



STANDOFF - Julio Cesar Enciso of Paraguay deflecting the ball as Juan Pizzi of Spain closed in during their goalless match Friday in Saint-Etienne, France. Page 21. In an earlier match, Nigeria beat Bulgaria, 1-0, to advance to the second round and win the Group D title. Page 20.

Don't Bet on U.S. Soccer The Confession of a Disillusioned Expatriate

reason.

By John Vinocur International Herald Tribune

PARIS - When I meet my maker the way things are going, probably in a 10-minute conference call with guys from the Shoe Industry Daily and the Delmenhorster Kreisblatt my greatest fear is that

Hc'll ask me what kind of man could have bet serious euros-to-be on the U.S. soccer team against Germany.

Certainly not a person concerned about his children's education or the well-being of his aged mother. Do you know those mail-order things

they stick in the ponch of your airline seat, the ones with the CD-ROM offer that allows you to discover the secrets of building global wealth and master the

tax and red tape from the security of your own home or office? I went for it, I went for the Americans virtually sight unseen on the strength of a couple of paragraphs io the paper that they had beaten Brazil and Austria with neutral referees and somebody

fast-track way to super riches, free of

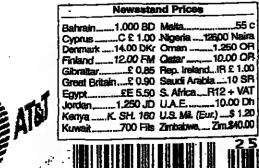
keeping score.
I took the U.S. to win or WORLD CUP COMMENTARY draw against Germany. and however indefensible, there was a higger, even partly serious

> Here: I have always been caraged by the 11,000 articles I have read in Europe that say that the United States is incapable of emerging as a soccer power because the things the sport involves, like patience and endurance, nuanced pleasures and low scores, go against our deepest nature. I hate when they write how could the Yanks ever get good at a game that is so unlike them. without yield for extravagance or quick

> So I bet, from the heart, on our capacity to change, to learn, to put things right, to sometimes touch what is marvelous and surprising. It was a political bet, based on a conviction about a culture and, as it turned out, one totally detached from reality.

The Americans were awful: A team of scuttlers, ball chasers. It had deteriorated in four years since the last World Cup, becoming a pasty, nehbishy group that looked like it had been

See GAMBLE, Page 21



A New Pitch for U.S. Ads: Lewd, Crude and Rude

By Stuart Elliott New York Times Service NEW YORK - Depending on how you look at it, a new frankness and boldness — or a new vulgarity and tastelessness — are transforming American adver-

tising.
Sales pitches for a wide variety of products are indeed being infused with increasingly explicit images and language, which until recently had been con-

sidered too daring for conventional advertising. The trend to be rude, crude and sometimes lewd is

bringing the American advertising sensibility some-what closer to the attitudes that have long prevailed in Europe, where consumers are routinely exposed to naked bodies, swearing and obvious sexual situations in brand campaigns.

The penchant to test the boundaries of taste is just another example of how advertisers try to stay contemporary, updating how they speak and behave to reflect how consumers actually speak and behave.

'It's really about relevancy and consumer empathy," said Donny Deutsch, chairman and chief executive at Deutsch Inc. in New York, an agency known for work

consumers, 'We understand you, we speak your lan-guage, we live in the same world as you.'" Displaying undraped body parts or using a ver-nacular term for a child of unmarried parents is also seen as a method for marketers to capitalize on the recent

See ADS, Page 4

that sometimes challenges the limits of taste, such as a television commercial for Kohler bathroom fixtures that

"Slang, bathroom humor, jokes about sex are all part of life," Mr. Deutsch said. "Using them says to

showed a man reading a magazine on the toiler.

Turkey's Next Military Chief Is Likely to Reduce Role in Politics

By Stephen Kinzer New York Times Service

ISTANBUL - Turks who believe that the military has become too deeply involved in politics here are hoping that the emergence of a new military commander in August will have a profound

effect on national life. The five-year term of Turkey's chief of staff, General Ismail Hakki Karadayi. who has led the military deeply into politics in an effort to stem what he says is the rise of religious fundamentalism, expires Aug. 30. His successor is likely to be an officer who believes that the military should stay closer to its barracks and further away from politics.

Turkey has had weak and fragmented

and waved at the jets as they flew past.

in the northern sector of the Mediter-

ranean island amid growing strains be-tween Greece and Turkey. The other

Cypriot air base of Paphos this past week. They have also left. The Turkish newspaper Milliyet said Friday that Turkey was planning to hold naval exercises near its western border

with Greece. The maneuvers would

form part of a monthlong Turkish military operation in the Mediterranean and

Aegean seas.

"All ships taking part in the manenvers will meet in the northern Aegean and conduct shooting exercises

over the sea off Saros," the paper said.

Greece on Friday sought to play down the chances of a clash with Turkey

over Cyprus, describing the presence of

three jets left Thursday afternoon.

Six F-16 warplanes arrived Thursday

governments for the last five years. This week the latest in the line of embattled prime ministers, Mesut Yilmaz, announced that he would resign at the end of this year and that new national elec-

As civilian leaders have proved unable to overcome personal and political rivalries, the role of the military has increased considerably. It is now the country's most potent political force, as it showed last year by forcing the resignation of Prime Minister Necmettin Erbakan, whom officers accused of sup-

tions would be held in April.

porting fundamentalism.

The military has also taken over principal responsibility for Turkey's relations with Greece and other nearby countries, as well as for policy toward

Cyprus and toward this country's Kurdish minority.

The military encourages prosecutors to pursue cases against writers, journalists and politicians who express heretical views on these or other mat-

Military commanders have compiled a list of businesses that government agencies should boycon because they have been deemed favorable to Islamic politics. They are pressing Parliament to pass a series of anti-fundamentalist laws, including curbs on Islamic foundations and new restrictions on the con-

struction of mosques. With the military now so involved in civilian policy, and with political parties so weak and fragmented, a change in the

top military command might have a far more profound effect on Turkish life than an election.

The Turkish military command onerates under strict rules and traditions. They dictate that General Karadayi will step down in August and that he will be replaced by the army commander, Gen-

eral Huseyin Kivrikoglu.

Although General Kivrikoglu has kept a low public profile and declines requests for interviews, officers who know him and commentators who monitor the army believe that he will seek to restrict the military's political role. Some speculate that he will transfer senior officers who have directed the anti-fundamentalist campaign.

"If Kivrikoglu gets the job, and I

think he will, the army will begin pulling back from politics," said a veteran newspaper and television commentator who asked not to be identified. He is a secularist and against Islamic politics, like all top military people. But he's not an activist. He takes a more limited view of what role the military should play in Turkish politics and so-

Military commanders have become impatient with Mr. Yilmaz for his failure to press harder against fundamentalism, a policy he has adopted partly because he does not want to alienate Islamic-oriented voters. General Kivrikogln is considered not only less insistently anti-fundamentalist but also more positive toward Mr. Yilmaz.

Greece, Hoping For a UN Seat, **Invites Envoys**

By Robert Kroon

GENEVA -The government of Greece has sent formal invitations to all 188 chief delegates at the United Nations for a free, one-week visit to Greece, including a cruise in the Aegean, for themselves and their spouses.

The show of hospitality coincides with Greece's bid for a rotating seat on the UN Security Council, which will be decided by a General Assembly vote in October.

On Jan. 1, Portugal and Sweden will end their two-year terms as nonper-manent Security Council members from the grouping representing Western Europe, Anstralia, Canada and New

seeking the seats being vacated by Sweden and Portugal. The nations of the Western European grouping could not agree on a selection, so the lobbying is on.

Canada, the Netherlands and Greece are

Such campaigns are not new to the United Nations system. Gro Harlem Brundtland, the former

Norwegian prime minister who is the new director-general of the World Health Organization, last year visited dozens of Asian and African capitals, whose votes would be needed to win the WHO contest

Greece's hospitality gesture has raised some eyebrows.

"This is an unprecedented and questionable twist in UN campaigning style," said Peter van Wulfften Palthe of the Netherlands permanent UN mission in Geneva. "The Netherlands will decline Greece's invitation.'

Minsk Bars Envoys From Their Homes:

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POLITICAL NOTE

BRIEFLY

MOSCOW - France, Germany. Italy and the United States were deciding Friday whether to recall their ambassadors to Belarus after. the diplomats were refused entry to

their homes near the capital. An EU ambassador, speaking by telephone from Minsk, said the four ambassadors would follow instructions from their governments Vehicles were also being barred entry to the huge Drozdy Park in which the compound is located, he

The lock-out, which occurred early Friday, is the latest twist in a Cold War-style dispute between 20 ambassadors using the property and the Belarus president, Alex ander Lukashenko, who Thursday claimed the diplomatic compound as his own residence.

In Brussels, a European Union official said EU officials would meet on Monday to discuss the crisis and would "probably" recall their ambassadors in protest.

Germans Cleared Of Nazi 'Crimes'

BONN — Germany's upper house, the Bundesrat, approved on Friday a law rehabilitating himdreds of thousands of Germans convicted of crimes by the Nazis, including soldiers who deserted the Hitler armed forces in World War

The blanket pardon, approved last month in the lower house, the Bundestag, also clears the names of dissidents, Jews and 350,000 men and women ordered sterilized by special Nazi courts to help create a supposed German "master race." About 50,000 sterilization victims are stili alive.

The debate on the law spanned decades and ultimately required a compromise on wording to satisfy holdouts in Chancellor Helmut Kohl's coalition. (AP)

For the Record

Pope John Paul II, starting his third visit to Austria, appealed Friday for a broad vision of a united Europe embracing the entire Con-tinent from which no one should feel excluded. The Pope described Austria as a strong heart beating at the center of Europe. (Reusers))

Last 3 F-16s Leave Cyprus For Turkey LEFKONIKO, Cyprus — Three Turkish F-16 warplanes left Cyprus on Friday after a one-day stay that has added to heightened tension on the divided island following a Greek Air Force visit earlier in the week. Witnesses said the three F-16s took off from a small Turkish Cypriot airport in Lefkoniko and circled before heading north toward Turkey. People cheered

The Turkish move was in retaliation for a visit by four Greek F-16s and two Civilians waving Turkish flags Friday at an air base in Lefkoniko, where three Turkish fighters took off for home. C-130 transport planes to the southern

Carlos Castaneda, Mystic Writer, Is Dead

LOS ANGELES - Carlos Castaneda, a godfather of the New Age movement whose best-selling books claimed to relate the ancient mystical secrets of a shaman named Don Juan, died April 27, He was believed to be 72.

Mr. Castaneda died of liver cancer at his home in Westwood, California, said Deborah Drooz, a friend and executor of his estate.

"He didn't like attention," she told the Los Angeles Tirnes. "Knowing that, I didn't take it upon myself to issue a press release.

the Turkish F-16 fighters on the island For more than 30 years, Mr. Castaneda claimed to have as simply grandstanding by Ankara. Cyprus has been divided since Turkbeen the apprentice of a Yaqui Indian sorcerer named Don ish troops invaded in 1974 in response Juan Matus. He had millions of followers around the world, and his 10 books continue to sell in 17 languages. to a Greek-inspired coup in Nicosia.

Mr. Castaneda received a Ph.D. in anthropology from the University of California, Los Angeles, in 1973. He said he met Don Juan in Arizona in the early 1960s while researching medicinal plants, and followed him when the shaman moved to Sonora, Mexico.

His first book, "The Teachings of Don Juan: A Yaqui Way of Knowledge," was a best-seller when it appeared in 1968, as were several sequels that purported to track Mr. Castaneda's 12-year apprenticeship.

In the works, Mr. Castaneda described supernatural,

peyote-fueled journeys with a sorcerer who could bend time and space. The books were critically praised - the writer Joyce Carol Oates called them "remarkable works of art." No funeral service was held, and his cremated remains

were taken to Mexico.

Czech City Rejects Plan to Fence In Gypsies

By Peter S. Green

PRAGUE — The authorities in Pilsen say they have rejected a proposal by city employees to isolate residents described as "unadaptable," mainly Gypsies, in a

compound on the city's edge.

A spokeswoman for the Pilsen town hall, Zdenka Kubalova, said that the proposal to rehouse such people among Pilsen's public housing residents in a collection of fenced-in temporary shelters on the city outskirts had been abandoned.

'It was just a plan by city employees, and it was not approved by the city council," Miss Kubalova said.

But Pilsen still plans to move such people into renovated dormitory-style housing near railroad tracks, though

around the building

Critics of the plan and leaders of the Czech Gypsies, who prefer to be known as Romanies, say that Romanies would be disproportionately affected. Romanies tend to be poorer, less educated and darker skinned than most Czechs and are often the target of racial abuse

and discrimination.
In the northern Czech city of Usti nad Labern, meanwhile, the authorities say they are still considering plans for a wall to separate a housing project populated mainly by Gypsies from homes owned

In Ust, officials and local press reports say the situation has calmed down

these residences would not be fenced in. after several Romany civic groups met The plan includes a room for the police with residents on both sides of Maticni and calls for increased police patrols Street, focus of the controversy. An-

ber.
"If in September, Matical seems as it is now, clean and quiet because the Romanies have realized that they have elections are held. to live in a civilized society, then we don't have to build it," said Miroslav Harcinik, the mayor of Usti's Nestemice Cuestioned on whether he would run in the election, at a meeting with students in this

Mr. Harcinik said the plans called for an anti-noise wall four meters high (13 feet) made of concrete bricks on Maticni Street, and a 2.2-meter-high metal fence on the far side of the housing project.
Along with two neighboring buildings,
this would effectively wall in the Romanies of Marieni Street.

Yeltsin's Latest: 3 Swiss Banks Offer \$600 Million He Won't Run

Agence France-Presse KOSTROMA, Russia -President Boris Yelisin said Friday he would not seek a third term in office in 2000 when the next presidential

town northeast of Moscow, Mr. Yeltsin said: "No. this is not planned under the constitution. The constitution provides for only two

terms." Mr. Yeltsin has repeatedly fudged the sensitive issue over recent months.

The Associated Press

ZURICH — Switzerland's three biggest plaintiffs lawyers are seriously jeopardizing commercial banks offered \$600 million Frithe settlement negotiations," the statement y in a global sen Holocaust victims.

In Israel, a spokesman for the World Jewish Restitution Organization immediately rejected the offer, which would settle claims for money allegedly stolen from domisint accounts opened before the end of World War II.

"The Swiss banks know that the amounts they are discussing are offensive and if we were not dealing with such a tragic story, this would be laughable," said the spokesman, Yoram Dori.

The banks issued a statement saying they were breaking their silence on two months of negotiations because the other side had repeatedly violated a confidentiality agree-

The negotiations are being held under the auspices of a U.S. undersecretary of state, Smart Eizenstat. Recent reports from New York citing

sources close to the talks have said the banks Union Bank of Switzerland, Swiss Bank Corp. and Credit Suisse — were offering \$1 billion or more.

The banks have been negotiating the seltlement since last April with Jewish organizations and lawyers for claimants in a multibillion-dollar suit filed in New York.

The \$600 million sum, termed the 'rough justice" amount, would include \$70 million already paid into a Swiss fund to help needy Holocaust survivors, the statement said.

Gidon Kremer's

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TRAVEL UPDATE

Italian Museums Stay Open Later ROME (AP) -- More than 50 museums, palaces and archaeological sites in Italy will extend their evening hours

the Capodimonte gallery in Naples. Royal palaces in Caserta, south of Naples, and Turin will also be open longer.

Museums will keep their doors open until 11:30 P.M. up to

three nights a week. Archaeological sites and monuments will

Prepare and Profit from Stock Market Uncertainty,

beginning Saturday and lasting until Sept. 12.

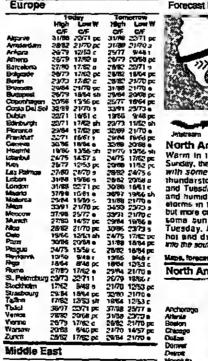
The sites include the Roman Forum and Castel Sant Angelo Museum in Rome, Villa Adriana and Villa d'Este on the outskirts of the capital, the archaeological site of Pompeti and

Polish Trains WARSAW (AP) -

Striking rail engineers failed to reach agreement with the government Friday and said they would continue their strike for higher pay, which has idled more than 55 percent of the nation's trains for three days. Portugal Strike

LISBON (AP) - Rail workers went on strike Friday, paralyzing most of the country's trains and snarling rush-hour traffic into major cities for the third time in three weeks.

WEATHER



Warm in the Northwest Sunday and hot in Madrid Sunday, then a lattle cooler with some showers and thundarstorms Monday and hot made showers Sunday in Tuesday. Very warm and humid with hunders then dry with some sunday, sind Tuesday. Very warm then dry with some sunday, sind Tuesday. Very warm and humid with hunder then dry with some sun may shower made some showers and thunder sunday, and Monday, in the rest of southeastern sunday and Monday. It is the southern Roodes.

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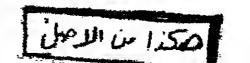
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LOS ANGELES --- An un-

the satellite's manufacturer.

"commercially viable" orbit sion, which marked the first around Earth, according to time a private company had

POLITICAL NOTES

Narrow Anti-Smoking Bill Due

WASHINGTON — House Republican leaders have announced that they will bring up a narrowly focused bill aimed at carbing teenage smoking and drug use next month, setting up an immediate confrontation with Democrats and public health groups that decried the approach as "worse than nothing at all."

A day after Senate Republicans killed a comprehensive national tobacco hill, the anti-smoking battle grew noisier and nastier, with Republican leaders promising alternatives to the broad-based measure and Democrats intensifying their invective.

tensifying their invective.

The House speaker, Representative Newt Gingrich, Republican of Georgia, made clear his intent to put forward a tobacco hill, although he left unclear how he would fund it. The Senate majority leader, Trent Lott, Republican of Mississippi, held a news conference to say that he, too, would try to move a more focused, less costly tobacco measure. "If the Democrats just want an issne, fine," Mr. Lott said. "If they want to get something done for the American people, they'll have to work with me."

Democrats and public health advocates were not buying Mr. Ginerich's argument. If anything, the two sides

ing Mr. Gingrich's argument. If anything, the two sides appeared even further apart on the tobacco issue. "There is no such thing as a slimmed-down hill that protects kids from tobacco smoking," said the White House press secretary, Michael McCurry. (WP)

Satellite Deals Defended

WASHINGTON — Clinton administration officials have made their case to two skeptical congressional committees that the controversy about U.S. satellite deals with China is overblown and that allowing U.S. spacecraft to be launched aboard Chinese rockets helps persuade

Beijing to stop selling weaponry to other countries.

Meanwhile, the House voted, 409-10, Thursday to set up a special nine-member committee with far-reaching authority to look into whether U.S. national security was undermined by Clinton administration actions allowing the launch of U.S. satellines on Chinese Long March rockets.

The committee was given wide subpoena powers and the ability to examine tax records of people and husinesses it deems relevant dating back to 1988. (WP)

Quote/Unquote

Senator Alfonse D'Amato, Republican of New York, urging Senator Lott to allow a vote on the nomination of James Hormel, who is openly gay, as ambassador to Luxembourg: "I fear that Mr. Hormel's nomination is being obstructed for one reason and ne reason only: the fact that he is gay. In this day and age, when people ahly serve our country in so many capacities without regard to sexual orientation, for the United States Senate to deny an appointment on that basis is simply wrong." (NYT) appointment on that basis is simply wrong."

few punches, even if that meant reducing oenalties on India.

Furthermore, the purpose of the law was WASHINGTON - The Clinton admindeterrence, and deterrence in this case failed. istration has now put into effect economic sanctions to punish India and Pakistan for Since the threat of sanctions did not dissuade India and Pakistan from testing, some officials testing nuclear devices, but it has limited their argued, there was little point in imposing a trade ban or Iran-style cutoff that would have undermined U.S. business interests.

the people of those countries and to avoid cutting ties completely.

The sanctions have terminated economic Finally, the law contains no provision for lifting the sanctions, other than an act of Congress. Any sanctions imposed will remain in place regardless of how India and Pakistan spond to them.

After consultations that involved various Humanitarian aid and loans for 'basic ho-man needs' such as water and housing will be allowed to continue, officials said. agencies, the administration decided to cut off all direct assistance other than food, including \$21 million in economic development and 'It is oot the intention of the United States housing aid and a \$6 million program for India or any of our international partners to isolate for abatement of air pollution believed to India or Pakistan," Deputy Secretary of State Strobe Talbott said Thursday at a State De-

produce a greenhouse gas effect.
India was allocated \$52 million in nonfood economic aid in fiscal 1998; Pakistan, under previously imposed sanctions, was to receive just \$1.5 million. Military sales, munitions exports and small

military training programs were terminated. Export-Import Bank financing, including their governments' mistaken and dangerous U.S. law requires the imposition of sanc-\$500 million in pending deals in India, "will tions on any country other than the acknowloot go forward," according to a State Deedged nuclear powers — France, China, Russia and Britain — that tests a nuclear weapon. President Bill Clintoo had announced that partment fact sheet.

In additioo, exports of most "dual use" items that could have military as well as civilian applications will be barred.

■ New Delhi Deplores Sanctions

India said Friday it regretted the economic sanctions imposed by the United States, Reoters reported from New Delhi.

'Coercive measures such as these interfering with the free flow of trade, investment and technology are unjustified and counter ic weakness, the administration chose to pull a productive," the Foreign Ministry said,

Smoking Linked to Alzheimer's Study in Netherlands Finds Risks of Dementia Are Doubled

It Wants to Minimize Hardships on People

By Thomas W. Lippman Washington Post Service

scope in an effort to minimize hardships for

aid and loans and military sales to both gov-ernments, but they have not banned trade,

bank loans to privately-owned firms or in-

partment briefing. "We're not trying to engage in punishmeot for its own sake. And in

particular, we have no wish to see the peoples

of either of these countries suffer as a result of

sanctions would be levied after India and Pakistan conducted such tests last month.

But carrying out that decision has turned

out to be more complicated than expected for

Washington was angrier at India, which tested first, than at Pakistan, but the law makes

no provisinn for applying different levels of

sanctions. Given Pakistan's relative econom-

several reasons, senior officials said.

vestment hy American companies.

decision to test ooclear weapons.'

The Associated Press

and Alzheimer's disease, according to a study published Friday that is described as risk than life-long abstainers, but not sigthe largest effort to investigate a link.

Although earlier studies on the relationship between smoking and Alzheimer's the degeneration of brain cells, is the most have conflicted, scientists say the latest common form of dementia. findings are important because of the study's size and because it was the first increases the risk of developing major project to evaluate people before they Alzheimer's disease, while others coomajor project to evaluate people before they

developed brain disease. The study hy researchers at Erasmus University in the Netherlands, published in this week's issue of the British medical journal The Lancet, followed 6,870 men and women aged 55 and older and living in a suburb of Rotterdam.

and had a risk for Alzheimer's disease that LONDON — Smoking more than was 2.3 times higher than those who had doubles the risk of developing dementia never smoked cigarettes. Former smokers had a slightly higher

nificantly so. Alzheimer's disease, characterized by

Some earlier studies found that smoking

cluded that it protects against it. Unlike previous studies, none of the people in the Rotterdam study had dementia

when first examined. They were asked about their smoking habits and divided into smokers, former smokers and those who had never smoked. Two years later, 146 of them It found that smokers were 2.2 times had developed dementia and 105 of those himore likely to develop dementia of any kind been diagnosed with Alzheimer's disease. had developed dementia and 105 of those had

Moon Ride Saves Errant Satellite

"We're ecstatic," said usual effort to salvage an er- Mark Skidmore, manager of rant communications satellite the rescue effort at Highes by slinging it around the Mono has succeeded in restoring the spacecraft to a Mr. Skidmore said the mis-

On Wednesday, the satellite entered a geosynchronous orbit, 22,300 miles (37,000 kilometers) from Earth. The satellite, originally called Asiasat 3, was

thing we set oot to do."

launched in December to provide televisioo and telephone service in Asia. But the Russian-built launcher malfunctioned leaving the satelfunctioned, leaving the satellite in an unusable orbit. The Boston Globe Writer Admits Fabricating People She Wrote About satellite was declared a loss, and its owner, a company based in Hong Kong, received \$200 million.

Hughes Aircraft took ownership of what seemed to be a very expensive piece of "space junk." In April, the company began a seemingly improbable salvage mission—to send the satellite around the Moon, 240,000 miles away, and back to an Earth orbit.

The idea was to have the Moon's gravity provide some of the gravitational energy needed to correct the satellite's orbit, which was inclined 51 degrees to the ground on something like this. Equator. An ideal orbit would That was self-evident." Equator. An ideal orbit would be directly over the Equator.

In fact, Hughes ended up sending the satellite around the Moon a second time, something it had not planned, to achieve an even more precise correction in the orbit. However, the orbit is still slightly inclined to the Equator. Hughes will be able to keep the satellite at a fixed longitude hut, when viewed from Earth, it will drift a few degrees north and south of the

Equator every day.

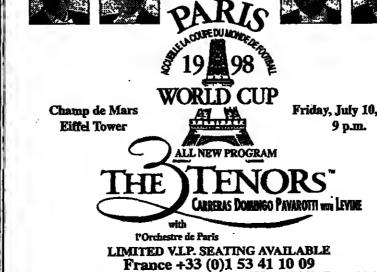
Because it is not perfectly stationary relative to Earth, the satellite cannot be used for certain tasks such as direct broadcast of television sig-nals to home receiver dishes.

So Hughes faces another challenge: finding someone who wants to buy a satellite.

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Workers searching for victims after a circus tent collapsed on the audience during a storm in Wisconsin.

Away From

Politics

حكذا من الاحل

• Strong thunderstorms hit the Midwest, collapsing a circus tent in West Salem, Wisconsin, and sending 500pound support poles swinging as the audience scrambled to escape. About 25 people were hurt, including a circus worker who was trampled by a horse. (AP)

 Macy's is being sued by two shoppers who want the department store's aisles in San Francisco widened to accommodate their electric wheelchairs. Macy's contends that it needs every inch of available floor space to display its wares and remain competitive.

 A law school graduate who recently sold his life story of battling schizophrenia to Hollywood was held on suspicion of murdering his girlfriend, police said in Hastings-on-Hudson, New York. Michael Laudor, 35, was taken into custody after the body of Caroline Costello was found in their apartment. (Reuters)

A Reticent Monica Lewinsky

Intern Withheld Vital Details, Initial Attorney Says

By Peter Baker and Susan Schmidt Washington Post Service

WASHINGTON — Monica Lewinsky's first lawyer says that she withheld important details from him - such as gifts from President Bill Clinton and help from the president's friend Vernon Jordan Jr. to find a joh when she hired him to draft an affidavit denying a sexual relationship with Mr. Clin-

The lawyer, Francis Carter, was recruited by Mr. Jordan, a Clinton confidant, who drove office last December.

the former White House intern to Mr. Carter's He then kept in touch with her over the next worked on behalf of Ms. Lewinsky. few weeks as her affidavit in the Paula Jones

sexual harassment case was being drafted. But Mr. Carter said Ms. Lewinsky never told him about gifts from Mr. Clintoo that had been subpoenaed, and neither one mentiooed that Mr. Jordan was simultaneously arranging job interviews for Ms. Lewinsky.

Mr. Carter's role in representing Ms. Lew-insky before her family hired William Ginsburg, a medical malpractice specialist in California, has been a central focus of the investigation by the independent counsel Kenneth Starr into whether Mr. Clinton or Mr. Jordan had obstructed justice by encouraging her to lie under oath about an affair.

In his first public comments since the Lewinsky investigation began in January, Mr. Carter portrayed himself as an unwitting player in a momentous legal and political saga, one not of his own making.

his attorney-client privilege with Ms. Lewinsky, Mr. Carter was forced to turn over Jooes lawsuit has since been dismissed. records to Mr. Starr, and he spent all day Thursday testifying before the grand jury.
Ms. Lewinsky, he told the grand jurors,
never gave any hint she had established an Moon, accomplished "every-

After losing two court battles to

intimate relationship with the president. "She never wavered," Mr. Carter said in an interview after completing his testimony.
"I never received any kind of informatioo from her at any time that contradicted any-

New York Times Service

people and quotations in four of her columns this year, and the newspaper has asked for her resignation, The Globe has announced.

In one case, she made up nearly an entire

column about a woman dying of cancer, the

newspaper said.

The Globe said the columnist, Patricia

Smith, 42, a widely respected figure in the Boston area, had acknowledged the trans-

"It's a tragedy," said Matthew Storin, The Globe's editor. "And I feel that we have handled it in the only way we could, and that

Mr. Storin added, "There is no middle

itself speaks well for the institution."

gressions.

NEW YORK - A columnist at The Boston Globe, a Pulitzer Prize finalist, fabricated

thing that's in that affidavit. Six months later, after a deluge of a lot of facts and interviews and documents, who can say? At the time, I had no reason to doubt what she was telling

During the interview, Mr. Carter offered oo specific information contradicting previously known accounts, but he shed new light on the dramatic days leading up to when the Lew-insky story broke, including how he had been brought into the case, what he was told and how he learned that he had been dismissed as Ms. Lewinsky's lawyer.

Perhaps most intriguing is what Mr. Carter said he was not told during the month he

While the former White House intern and later aide informed him that she was looking for a job in New York, Mr. Carter said she oever let on that Mr. Jordan was the ooe setting up the interviews.

"I had oo idea of any connection between Vernon and her and any joh search," he said. She never mentiooed it and neither did Ver-

Had they raised it, Mr. Carter said, it would have provoked questions. "I might have asked her why he was doing "he said

Knowing Ms. Lewinsky was a friend of Walter Kaye — like Mr. Jordan a prominent Democrat with White House connections — Mr. Carter said it might still not have coovinced him there was anything amiss.

Mr. Starr is investigating whether the joh help was part of an illegal effort to keep Ms. ev from giving evic lawsuit about an affair with Mr. Clinton. The

Mr. Jordan has said he came to the aid of Ms. Lewinsky at the request of Betty Currie, the president's personal secretary, and that he

kept Mr. Clintoo apprised of his progress. Ms. Lewinsky, Mr. Carter said, also never told him about gifts from Mr. Clinton, although the president reportedly gave her a pin, a brooch, a long T-shirt and a copy of Walt

Mr. Storin said he had yet to receive Ms.

'From time to time in my metro column, to

Smith's letter of resignation. Bot in Ms. Smith's final column, published in Friday's issue of The Globe, which is owned by The New York Times Co., she acknowledged her

create the desired impact or slam home a salient point, I attributed quotes to people who didn't exist," she said. She also apologized

"to the grocery clerks and bartenders and

single mothers, to the politicians, PR flacks, spokespersons and secretaries, to my dear

husband and family and friends, I am sorry for

betraying your trust."
The Globe said it discovered Ms. Smith's

fabrications two weeks ago after senior ed-

itors thought that "some quotes seemed too articulate or too polished in certain circumstances," Mr. Storin said.

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misdeeds.

Russian General Warns of a 'New Cold War' Over Kosovo

Compiled by Our Staff From Disputchs

PRISTINA, Yugoslavia - The leader of Kosovo's ethnic Albanians called Friday for NATO military intervention, but a senior Russian general said that any such move without United Nations approval would lead Europe into a new

Ignoring the show of force by North Atlantic Treaty Organization planes earlier this week around Serbia's southem province, President Slobodan Milosevic of Yugoslavia has been reinforcing army and special police forces in Kosovo - estimated by NATO sources at 45,000 to 50,000. More than 300 people have died in clashes between Serbian forces and the separatist Kosovo Liberation Army fighters since the authorities began a crackdown Feb. 28.

Ibrahim Rugova, president of the self-declared Kosovo republic, said at a news conference in the capital, Pristina: "If the Serbian attacks on Kosovo are not ended, NATO should use all necessary means and intervene to prevent Serbian massacres. They would be intervening to protect the people of Kosovo.

In Moscow, General Leonid Ivashov. one of Russia's most senior military

7 Albanians Are Sought as Deserters From NATO-Led Exercise in U.S.

JACKSONVILLE, North Carolina - Seven Albanian soldiers participating in a NATO-sponsored exercise at camp Lejeune apparently deserted from the Marine base over the past cials said. week, officials said.

Such action without UN support

would lead to the start of a new Cold

War," he said. "Europe does not want to

go back to where we were a few years

ago, but someone is trying to push it

securing a peaceful solution to the con-

flict, and only the 1,001st way is the

military option, which we cannot al-

Russia, a traditional ally of Serbia,

There are still a thousand ways of

military action.

there and it's not Russia.

to a minor league baseball game last ipants," said Major Scott Fazekas, a week, a fourth Albanian apparently left base spokesman. his unit on Monday and three others

Three officer cadets walked away been working with local authorities to NATO Parmership for Peace profrom their comrades during an outing locate the missing exercise partic- gram.

The exercise at Camp Lejenne involves 2,000 soldiers from 16 countries, including former Soviet Republics and former Warsaw Pactmembers. "Officials at Camp Lejenne have It is being conducted as part of the

there it has a veto.

NATO's secretary-general, Javier Solana Madariaga, was tight-lipped in reaction to comments by the general.

"I don't want to comment on that," Mr. Solana said in Estonia, where he was on a one-day visit. He insisted that the two sides needed to work together and continue to consult each other.

Asked about the Russian comment, Prime Minister Lionel Jospin of France said Friday in Washington, "I don't confrontation with Russia over military think there will be a new Cold War. The action to halt repression in Kosovo. "It's

officers, was quoted by Itar-Tass press insists that any military action must be elements are not there. You can have agency as warning against any NATO approved by the UN Security Council, tension, you can have a crisis, but elements for a Cold War, no.12-

The aim is to have a political and diplomatic solution without using force," he told a small group of jourresidence for visiting heads of state and

nity would do all in its power to avoid a

better to have the legal authorization of the United Nations," he said. But he made it clear that if the West-

ern allies saw no alternative to military intervention in Kosovo, Russia would. not be permitted to block it.

"We have to act in order to say to the Russians, 'If we are obliged to act be-cause of the way in which Milosevic and the Serbian police or army act -- because we are not prepared to accept a new wave of ethnic cleansing — you can't veto.'

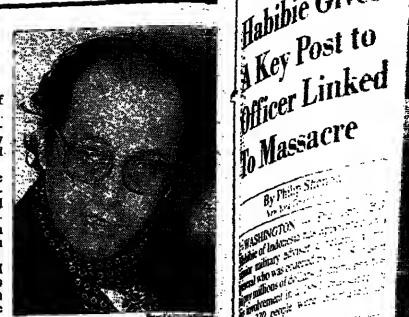
The NATO flights over Albania and Macedonia this week were intended to force Serbia to scale down its forces in Kosovo so that negotiations between the two sides could resume.

deployment is legitimate to combat the "terrorists," who train across the border nalists at a breakfast in Blair House, the in Albania and smuggle in weapons and supplies.

All international pressures on Serbia Mr. Jospin, who discussed the matter to withdraw are a "curett near to withdraw are a "curett official Tanjug news agency.

The border between Kosovo and Al-

bania has apparently been closed, trap-



But the Serbian government insists its Ibrahim Rugova talking about ethnic Albanians in Kosovo on Friday

ping thousands of would-be refugeed inside the province, the UN refugee

agency said Friday.

The UN High Commissioner fist Refugees was not informed by Serbian authorities of the closure, but a spokes. man for the agency said the exodus of people from Kosovo to Albania had sud-(Reuters, AP, AFR)

Baghdad Still Hides Data On Biological Weapons And Missiles, UN Is Told

By John M. Goshko Washington Post Service

UNITED NATIONS, New York --Despite recent suggestions of progress on Iraqi weapons inspections this summer, the chief UN inspector has reported that Baghdad still refuses to provide information about its missiles, biological weapons and the deadly VX chem-

ical warfare agent.
In a report submitted Thursday to the Security Council, Richard Butler, executive chairman of the UN Special Commission, sketched a picture of Iraqi positions that could lead to more clashes between Baghdad and the commission. The report was in contrast to optimism expressed by Mr. Butler and Deputy Prime Minister Tariq Aziz of Iraq this past week after talks in Baghdad.

Mr. Butler had gone to Baghdad with a "roath angle" of the things Iraq must do and the greations it must approximate to the start of the st

and the questions it must answer to demonstrate that it has eliminated its weapons of mass destruction and is eligible for relief from economic sanctions imposed by the Security Council in

While the Iraqis rejected Mr. Butler's "road map," they agreed to cooperate over the next two months on what he has identified as "certain outstanding disarmament issues.'

Mr. Aziz called the agreement a "breakthrough" and said it would "prepare the ground for the lifting of the economic embargo," And Mr. Butler, before leaving Baghdad, said that "if the work is done satisfactority," it would mean considerable progress toward the time, perhaps as early as October, when the commission might be able to recommend ending the sauctions.

But the report caused several dip-lomats here to conclude that the key word in Mr. Butler's Baghdad comments was "if." The report said that on He made that explicit Thursday. many issues regarded as critical by the UN panel and by such foes of Iraq as the Iraq provides the full cooperation it un-United States, the Iraqis asserted that dertook to provide," it should be posthey are not required to give it the data it sible for the commission "to resolve wants and have no intention of doing remaining issues and begin to formulate

mained firm in its position that oo rel- ler wrote.

evant documents were available." Mr. Butler said. "However, in limited cases,

Iraq would look again for documents."

Specifically, he added, the Iraqi refusal covered the extent of VX nerve gas production, documents relating to propellants for the Al-Hussein Scud missiles produced in Iraq despite a UN ban, and records or policies and practices used by Iraq to conceal its weapons programs and inventories from the UN

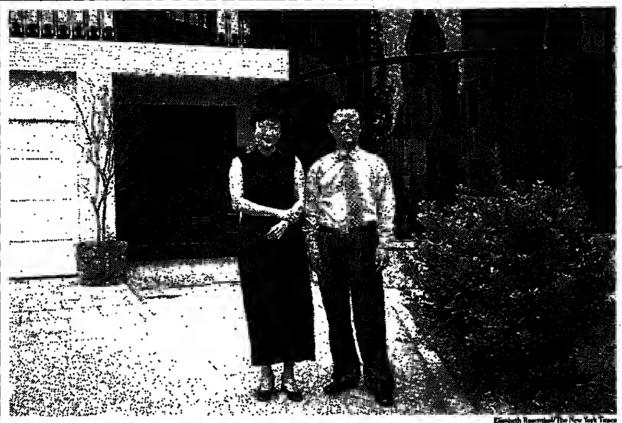
In one instance, Mr. Butler said, Iraq refused to provide documents it showed the panel earlier "on the ground that Iraq itself had determined the materials were unrelated to the commission's work." In the field of biological warfare, where the commission says its information is especially sparse, "Iraq once again declared that the biological weapons program had been obliterated," Mr. Botler

Since these issues long have been at the core of the repeated confrontations between Iraq and the United Nations, diplomats here questioned whether the cooperation alluded to by Mr. Aziz and Mr. Butler is more a matter of atmo-

spherics than substance.
Since February, when Secretary General Kofi Annan met in Baghdad with President Saddath Hussein and signed an agreement to allow the UN commission access to previously off-limits presidential palace sites, Mr. Butler has taken a generally conciliatory line toward Baghdad. On several occasions in nt weeks, he has praised Iraqi cooperation with searches of the palacesites and more routine inspections.

UN sources said that in those instances, Iraqi cooperation was genuine. However, they noted, Mr. Butler has couched his positive statements in the conditional and has been careful to say that progress depends on continued Iraqi cooperation.

"I believe that if the government of "In virtually all instances, Iraq rethe state of Iraqi disarmament, Mr. Butreports" to the Security Council about



Zhang Can, left, and Yan Junjie, computer entrepreneurs, own four cars and three homes, one in Beijing.

CHINA: Suddenly, an Independent Middle Class Is Flourishing

Continued from Page 1

There is no one statistic that defines this group, which broadly includes both company presidents (who seem to have it all) and graduating college sturdents who have just bought their first computer (and want it all, someday).

They are people who work hard for own cars. For next year's vacation, what there are many more workers laid off by ailing state-owned factories who have fallen.

The income gap between China's rich and poor is widening fast.

In Beijing last year, the average annual salary for bosses of private they are deliberating between Functions. what they achieve, for the most part they are deliberating between Europe without the family ties to the Com- and Australia. They have donated

its contributions to the country's mod-ernization. The government has ar-ranged for President Bill Clinton to would be where I am today," Mr. Fang meet private businessmen during his state visit, which begins oext week.

"The social status of people like me has improved a lot in the last few years," said Fang Zeng, 33, a real estate developer. "And that's a really

represent China at an international equally. For every 30-year-old entrebusiness conference and was chosen to preneur who has moved up in social be a delegate to the Chinese People's status, there are many more workers

The middle class is admired by college students who hope to join its ranks though they now live in a one-bedroom tryside. and, as of last year, has even been apartment provided by Beijing Uniembraced by the Communist Party for versity, they are contemplating own-

would be where I am today," Mr. Fang said. "I have so many capabilities and

choices." Of course, his has been a complicated transformation, given the country's egalitarian tradition under communism, because the wave of prosperity that has created a middle

companies was about \$8,000 and for workers only \$1,000, said Dai Jianmunist Party leadership that have long money to establish university schol-defined China's most privileged class. arships and children's libraries in Academy of Social Science. The dif-

'In the last few years there are a lot of people who have gotten rich very quickly," Mr. Dai said. "But the ten-sion between wealth and social inequality has not been addressed."

The changes involve a shift in mind-set as well. "There is now a significant middle-class market emerging." said Yukon Huang, head of the World Bank office in China.

"As in other countries, the middle g change."

prosperity that has created a middle class is more independent, more moLast year, Mr. Fang was sent to class has not carried all Chinese bile and more politically active."

decided to ignore the smuggling.

Clinton administration officials say

smuggling began, the Bush administra-tion was in office, and it also ignored the

But the smuggling has gone from being a minor loophole in the embargo

against Iraqi oil into a much more sig-nificant source of income for Mr. Sad-

dam and a well entrenched outlet for the

With no American or allied effort to

impede the traffic, 50,000 to 60,000 bar-

rels of Iraqi oil and fuel products a day

said an administration official.

ADS: Taking the Low Road

Continued from Page 1 : 12 loosening of strictures in films, television

programs, music, greeting cards and othe er forms of popular culture.

Another factor is the increasingly destailed news coverage of sexual topics ranging from the Monica Lewinsky maintenance.

ter to the introduction of Viagra, the draig for treating male impotence. "More than any other medium, advertising is not something that operates in a vacuum," said Stuart Ewen; chains man of film and media studies at Humas College in New York. "It used to be that

vulgarity had no place in public culture. Now, we live in a time when if it sells. it's good." Some see the increase in foul language, bathroom humor and bawdy in agery as an inevitable result of the evo lution of mass communications in

American society. "It's becoming harder and harder" for advertisers to attract attention, said Mark Crispin Miller, professor of media studies at New York University. blitzed-out population has become in-creasingly blase. So there's an accel-crating desperation to make an impre-

sion, to stand out. Others condemn the changes as ploys by advertisers to get unficed in the same manner that children short dirty words in public to embarrass their parents Those critics view the trend as distressing evidence of the further coarsening of

possic discourse. It's a limbe discurbing." said Ted Sann, co-chief executive and chief creanve officeratthe BBDO New York unit of Omnicom Group, who oversees camp paigns for brands like Pepsi-Cola and

"You certainly need to be contemn porary and edgy and topical, and even sometimes couroversial," he added.
"Bot it's not necessary to cross over the
line to be in questionable taste. A lot of people find that offensive."

Both sides point to the same examples to bolster their arguments. Backsides are being bared in adver-tising for underwear, liquor, skin loud

and fitness equipment and are invoked in colloquial expressions about "kicking butt" and other synouyms for "rear end." Other body parts, particularly those that differentiate men and women, are being uncovered in photographs of referred to in slang terminology.

Bodily functions from passing gas and urination to vomiting and defecation are depicted and alluded to in advertising for shoes, automobiles, software, games, - even food.

Catch phrases or sayings with double in meanings are repeated constantly. "Are you getting enough?" an ad for cottage cheese coyly asks, referring to calcium.
"Zit happens" is a line in an ad for some medication and "Fit happens" in an ad for boots. And it has become impossible to count all the variations on such lines as "Size matters" and "...or are you just glad to see me?"

Then there is the more daring sexual imagery, extending far beyond traditional realms like fashion and fragrance as: vertising into such categories as shampoo, beer, video games, cars and resorts: Some ads flaunt signs of arousal, others are festooned with phallic symbols while still others present simulations of, sexual intercourse.

is salacious, in many instances the are meant to be playful, elbowing consumers in the ribs with a wink.

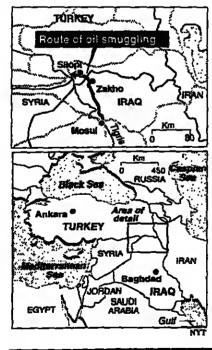
That was the intent of a campaign last year to promote Bermuda tourism. These ads showed a lovestruck couple enjoying a vacation amid exaggerated symbols of amour: windsocks rising in a stiff breeze golf balls slowly being sunk, tall lights

houses looming over landscapes. And Yes, we would admit it was suggestive, said Peter Tate, president of the DDB Needham New York unit of

campaign was 'Let yourself go,' not 'Let it all hang out.' We meant it to be tongue in-cheek, trying to overcome the per-

others who shape popular culture, there are those who declare that Madison Avenue ought to follow a "higher" state smuggling through the Gulf route is dard.

> do what is generally being permitted by the culture, 'said Diane Cook-Tench, director of the Virginia Commonwealth University Ad Center, 'But seeing that advertising still ranks low among the respected professions, it would be smann if people in the business thought a little harder and took the high road.' A second by the first of the fi



Continued from Page 1

German voters, who have become more skeptical about a federalist vision of

Europe and more vocal about the need to

Recent surveys show a majority of

voters dislike abandoning the German mark, which celebrates its 50th an-

niversary this weekend, in favor of an

untested currency, the enro, that will be

adopted by Germany and 10 other states

starting next year. A poll published Fri-day by the Handelsblatt business daily

showed 42 percent oppose the euro,

while 39 percent support it.

Besides their distinct lack of enthu-

siasm over the currency switch, Germans

are worried that their jobs and high living

standards may be jeopardized by a rising

influx of immigrants when Poland, Hun-

protect national interests.

Iraq Smuggles Oil Into Turkey, and U.S. Ignores It

million Poles, Czechs and Hungarians as a contradiction of his own European

By James Risets New York Times Service

WASHINGTON — Iraq is smuggling large volumes of oil into Turkey in violation of United Nations sanctions, U.S. and Turkish officials say.

The officials say the Climon administration has chosen to look the other way, aware that the smuggling benefits Turkey, a crucial ally in American policy toward Iraq, and the Kurds who deny control over northern Iraq to the Iraqi government of President Saddam Hussein.

Still, the region is replete with doubledealing and surprising alliances, and administration officials acknowledge that the Kurdish leader Massoud Barzani, who is benefiting from the smug gling, betrayed the United States less

The operation involves thousands of

Union over the next few years.

The anxiety that cheap-wage foreign-

ers could cause Germany's 12 percent unemployment rate to soar higher and

resentment over having to pay nearly 70

percent of the EU budget have com-

pounded a growing xenophobia, espe-

cially in the East, where far-right polit-

ical parties have scored dramatic gains in

According to strategists within Mr. Kohl's ruling Christian Democrats, the

party needs to win at least 35 percent of

the votes in the Eastern states if it hopes

put the Christian Democratic share at uo

During a heated debate in Parliament

recent elections.

more than 25 percent.

gary, the Czech Republic and perhaps the difficult decisions to launch the euro

on official oil exports, which have been in place since the end of the Gulf War eight years ago.
Until the United Nations determines

that the Iraqi government has eliminated programs to develop weapons of mass destruction, it has prohibited Iraq from exporting oil except through a limited program to raise humanitarian relief

hold together a coalition in support of ecocomic sanctions against traq.

trucks transporting millions of tons of The smuggling operation is primarily oil, diesel fuel and other refined products funneled across the Turkish border at the

will require an enormous boost in public

In a community that would soon expand to more than 400 million citizens.

Mr. Kohl said, it was vital to show that

their destinies would be shaped not by

EU headquarters in Brussels but by local

and national governments in close touch

with their needs. "The process of Euro-

pean unification must be accepted by the

the euro on his countrymen in the ab-

many politicians and economists. Close

aides say he now realizes that the drive

toward political and economic unity in

Mr. Kohl's determination to impose

confidence to be successful.

people," Mr. Kohl said.

to cling to power. But current estimates sence of any serious debate irritated

on Thursday, Mr. Kohl defended his Europe can progress only after substan-

annually, openly traversing roads that U.S. and allied warplanes fly over in northern Iraq, officials acknowledge.

Khabour Bridge near the southeastern nations involved in enforcing the UN sanctions against Iraq have also quietly decided to ignore the sonuggling. U.S., Turkish and Kurdish officials.

The snuggling conduit into Turkey is enriching Mr. Saddam's government and family, these officials say, at a time when he is chafing under UN restrictions

One energy expert in the Turkish government and family, these officials say, at a time accounted for about 25 percent of the back to 1992 and the aftermath of the Turkish fuel market, making it a significant statement of the Gulf war. They stress that when the nificant concern to international oil companies trying to compete in Tur-Turkish smuggling. 'I think this administration inherited a decision from the Bush administration not to object.' Officials say the Clinton administra-

tion has never moved to curb the smug-gling, choosing instead to appease the Turks and the Kurdish faction that controls the northern Iraqi territory and the border crossing. The tendency has been to turn a

But the Clinton administration has blind eye because the Turks are bendecided not to try to stop the smuggling effting from it at a time when the Turks even though the United States is trying to are complaining anyway about sanctions are complaining anyway about sanctions on Iraq, 'said an administration official. 'While Saddam is making money oo it, the Turks and Kurds are, loo."

U.S. officials add that other important

KOHL: German Leader's Shift on Europe Seen as Attempt to Bolster Re-election Chances other Eastern states enter the European and to open the EU's doors to nearly 60 his new articulation of national interests gether account for up to 10 percent of Iraq's export capacity, U.S. officials es-

principles for the sake of pandering to

they were taken aback by Mr. Kohl's reversal of direction on Europe. While ful rivals within his coalition: state Premiers Edmund Stoiber of Bavaria

and Kurt Biedenkopf of Saxony. Party officials say a deal was cut in which Mr. Stoiber and Mr. Biedenkopf

are now being smuggled along the Turkish route, Clinton administration offi-Iraq also smuggles oil by water, to Iran, Dubai and elsewhere. The Turkish and Gulf routes smuggle roughly equal amounts of oil and to-

rightist voters to salvage his re-election U.S. warships, as part of a multinational force, have been trying for several Some Christian Democrats also said years to curb seaborne smuggling, stopping some barges and other vessels in international waters in the Gulf, adminacknowledging some measure of political expediency in his message, they laid greater emphasis on a purported bargain struck hy the chancellor with two poweristration officials said. Earlier this year, Iran briefly curbed the Iraqi oil smuggling trade along its waterways, but U.S. officials say the

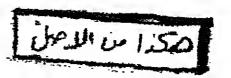
agreed to drop their vocal opposition to than from the Gulf operation. Kordish the euro in return for Mr. Kohl's taking a leaders, Turkish mucking interests—and much stronger stand in defense of re- undoubtedly Turkish governmental ofchange of course by acknowledging that tial public support is mobilized.

gional and national interests the difficult decisions to launch the euro

But Mr. Kohl's opponents attacked

EU bureancracy in Brussels. gional and national interests against the ficials along the border — skim off levies on the smoggling, U.S. officials say.

surging again.
Administration officials say they believe that Mr. Saddam gets a smaller cut of the profits from the Turkish operation



25 Hindus Massucreed in Ke The males:

Bear Town Australia Isares Israens com BANKON -

Sim One Nation

(IS. Bus. Airspace Restriction

Men to Discuss Joint Festive

Though a good deal of this advertising

Omnicom, the Bermuda agency.

Even so, be added: "The aim of the

A Condition of the Cond ception of stuffiness Bermuda out Even if advertisers and agencies and only emulating writers, musicians and

'Advertising should be permitted to

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Habibie Gives A Key Post to **Officer Linked** To Massacre

By Philip Shenon New York Times Service

WASHINGTON - President B.J. Tahibie of Indonesia has appointed as a mor military adviser a retired army meral who was ordered by a U.S. court pay millions of dollars in damages for his involvement in a 1991 massacre in which 270 people were estimated to have been killed.

Florince the IX the Friday Commencer in Social Information (Resident Associal Information The appointment of the retired officer. Lieutenant General Sintong Panjaitan, could result in early strains in the relationship between the United States and President Habibie, who came to office last month with promises of an improvement in Indonesia's human rights record and in its ties with Washington.

. General Panjaitan oversaw troops who carried out the November 1991 massacre in East Timor, the former Portuguese colony that was invaded by Indonesia in the 1970s and annexed despite international protests.

The soldiers opened fire on demonstrators who had gathered at a graveyard for the funeral of a young East Timorese man who had been killed hy soldiers two weeks earlier.

... In 1994, General Panjaitan was ordered by a U.S. District Court judge in Boston to pay \$14 million in damages to the mother of a 20-year-old New Zeatand man who was among those killed. The suit was filed in Boston by human rights activists after the general moved

there for studies at Bostoo University.

The officer, who had been removed from his military post after the massacre, never appeared in court to answer the charges and returned home to Indonesia in 1992 to join the staff of Mr. Hahibie, who was then technology minister. .. According to news reports in Indone-



President B.J. Habibie being surprised by a kiss on a village visit Friday.

against General Panjaitan, said his ap-

pointment by President Hahihie "does

oot bode well for East Timor or for the

human rights situation in Indooesia — it

Mr. Ramer said the United States

should "absolutely pressure Indooesia

to get rid of this guy — the idea that a new government in Indonesia that

claims to be turning over a new leaf would have this guy as its military ad-

The State Department and the Indone-

sian Embassy in Washington had no

immediate comment on the appointment.

A State Department official said the de-

partment was aware that the general "is

has been an adviser for some time.'

sently an adviser to the president and

indicates business as usual.

viser is pretty outrageous,"

sia, General Panjaitan has bad a loog Ceoter for Constitutional Rights, a New association with the president and has York-based group that brought the case been appointed to the post of "expert on

security and defense."

President Habihie, the former vice president, became president after the resignation of President Suharto, who was forced from power in a popular uprising against his 32 years of often hrutal aothoritarian rule in Indonesia, the world's fourth-most-populous natioo.

Since taking over this spring, President Hahihie has promised a crackdown on human-rights abuses by the Indonesian military and has hinted that he may be willing to grant some degree of autonomy to East Timor. Last week he freed 12 political prisoners associated with the independence movement on

Michael Ratner, a lawyer with the

Continued from Page 1

multinational corporations, banks and money managers mainly from the United States and Europe, but also from some cash-rich companies in Australia, Singapore, Taiwan and Hong Kong. "No maner how bad it is over here,

this is a part of the world you can't ignore," said Michael Koeneke, chair man of Global Mergers and Acquisitions for Merrill Lynch securities. "If you do not have a position in the Asia-Pacific region, you're behind the curve."

He said that there was "a high de-gree" of interest in Asia from potential Western buyers, although many were waiting for prices to fall further.

Leveraged buyout funds were holding \$70 billion to \$80 hillion in the United States that could be invested in Asia if markets there fall to even more attractive levels, Mr. Koeneke said, while buyout funds in Europe have \$30 hillion that could also be deployed in Asia. The actual amounts invested could be five or six times greater if these cash war chests were leveraged with borrowed money, he added.

The fight for corporate advantage in Asia is a part of a global competitive fight that is intensifying in many key

Of the three groops of companies -American, Japanese and European -that are most prominent in the struggle, analysts said that the Japanese are oow in the underdog position in Asia because of the weakness of their economy, banking system and currency. As a result, Japan risks losing its previous commercial dominance in Asia.

Concern that Asians will lose control of their economic destiny has already been voiced by officials and other critics of foreign takeovers in a number of East Asian countries, including Malaysia, Thailand and South Korea. This nationalist backlash is likely to grow louder and stronger as the region's economic

pain increases in the months ahead. On Friday, Prime Minister Mahathir bin Mohamad warned of attempts by foreign "rohbers" to take over major

Malaysian companies. The remark echoed comments he

BUYOUTS: West Snapping Up Asian Businesses During Crisis made recently in Tokyo, when he warned that the takeover of devalued assets in East Asia by global conglom-erates threatened the independence of the region's governments, creating a new form of colonial exploitation similar to that of U.S.-controlled "banana re-

publics" in Latin America in the past. But Christopher Clarke, vice president and managing director for South-east Asia for the management consult-ants A.T. Kearney, said that Asian husinesses that end up in the hands of multinational owners would still benefit Asian economies by "creating further growth and bringing in world-class brands and technology."

Other Western executives said that they were searching for joint ventures and partnerships in Asia that could help revive ailing local companies and benefit both sides.

Still, many East Asian firms are being forced by the economic crisis to sell lossmaking and noncore assets to pay off loans and stay in husiness, while dehtladen banks, finance companies and securities houses are seeking large injections of foreign money to stay afloat.

For example, South Korea's heavily indebted Hanwha Energy Co. Ltd. recently sold its power generation business to AES Corp of the United States for \$874 million; Thailand's largest com-pany, the Charoen Pokphand group, sold a 75 percent stake in its Lotus supermarket chain to the British supermarket giant Tesco PLC for £200 million (\$320 million) and Merrill Lynch said it would pay up to \$68 million to take majority control of Phatra Securities Co., one of Thailand's largest brokerage firms, in a bet on the eventual turnaround of the battered Thai stock market.

Commerzbank AG of Germany an-nounced this month that it would invest \$250 million to buy 30 percent of Korea Exchange Bank in South Korea. Earlier this year, two of Thailand's largest banks, Bangkok Bank Ltd. and Thai Farmers Bank Ltd., raised about \$2 billion between them in private sales to foreign institutional investors.

As much as half of Thailand's banking system will fall into the hands of large foreign banks, said Aswin Kongsiri, chairman of the board of executive directors at Bangkok Bank of Commerce. East Asian governments, under pres-sure to cut costs and raise revennes, are

having to divest substantial stakes in state-owned and state-controlled industries to overseas interests to gain access to extra cash, management expertise, technology and new markets.

Indonesia this month named nine in-

vestment banks to manage the sale of substantial stakes in 12 state-controlled companies spanning telecommunica-tions, cement, steel, airports, mining, toll roads and plantations. "The dilemma is to raise the max-

imom amount of money while giving away the least amount of managemen control," said Bruce Rolph, head of research at Bahana Securities in Jakarta. Bahana is one of two state-owned securities firms advising the Indonesian government on the privatizations.

Analysts said that potential American

buyers included Lockheed Martin Corp., GE Capital Corp., AT&T Corp. and American International Group Inc.
"Most of these companies are taking

a longer-term view of the region," Mr. Broadfoot said. "They know Asia remains attractive in the medium term as a market and that the crisis has helped to lower barriers to entry of foreign firms. Moreover, the currency adjustments that have taken place since mid-1997 have greatly enhanced Asia's competitiveness as an export prodoctioo site."

Countries hit hardest by the crisis, including Thailand, Indonesia, South Korea, Malaysia and the Philippines, are relaxing restrictions oo foreign ownership in areas including financial services, property and retailing where outsiders were previously barred or tightly controlled

While the plunge in the value of nearly all Asian currencies against the dollar and major European units makes Asian acquisitions relatively cheap for American and European huyers, Western executives caution that heavy debts. tax accounting and inadequate hankruptcy regulations make many Asian firms that are seeking buyers or joint venture partners a much riskier proposition than they might initially seem.

BRIEFLY

25 Hindus Massacred in Kashmir

"JAMMU, India — Muslim militants Friday massacred 25 Hindu wedding guests in an ambush in the Indian state of Kashmir and injured five others, police said.
The shootings took place at Champnagri town, 225 ki-

spokesman said. He said the victims, who included the bridegroom, had been fraveling to the wedding by bus when the guerrillas struck.

"The militants then escaped to the nearby hills."

"Police Chief Kuldeep Khnda said the attackers lined up the

lometers (140 miles) north of the city of Jammu, a police

men in the wedding party before gunning them down. (AFP)

Australia Assures Asians on Ties

ring said Tel - 27 and chief are *BANCKOK — The Australian government is committed to growing ties with Asia despite rising anti-Asian sentiment at home, Foreign Minister Alexander Downer said Friday. and the Contract of the Contra "Mr. Downer is on a two-day official visit to Thailand to Peosi-Cola ta

smeet the 12-nation grouping called the Friends of Cambodia artificial to be come afid other countries trying to mediate the Cambodian conflict on behalf of Southeast Asian nations. topical and a he all

The visit comes in the wake of a strong showing by the anti-Asian One Nation party of Paoline Hanson last Saturday in a Queensland state election. Mr. Downer said, "We are committed to Australia being a strong contributor to Asia as we have been for past several years."

(AP)

Chinese Group Appeals to Clinton

**BEUING — Chinese dissidents appealed Friday to President Bill Clinton to push for greater freedoms during his visit to China next week. - A group of 57 dissidents, in a fax to foreign news agencies,

urged Mr. Clinton to meet their Beijing-hased representative, Xu Wenli, after his meeting with President Jiang Zemin. - If Mr. Clinton does not meet with Mr. Xu, his visit will be only a diplomatic coup for the Chinese government and do nothing to promote democracy, said the letter signed by dissideots from 14 cities and provinces. (AP)

U.S. Eases Airspace Restrictions

THE REPORT OF THE PARTY OF THE MASHINGTON - The United States reluctantly has changed its airspace restrictions to allow Cuban jetliners to fly over the eastern United States en route to Canada, starting Friday.
While U.S. planes have long flown over Cuba on their way

to the Caribbean and South America, U.S. officials have denied almost all reciprocal rights to and from the Communist nation since the 1960s, citing national security concerns. As a result, Russian-made Air Cubana jets have flown a circuitous route to Canada just off the East Coast.

The administration agreed to a relaxation this week after it became apparent the United States would lose a complaint Cuban officials filed in 1996 with the United Nations' civil aviation arm, said a State Department official, who spoke on condition of anonymity.

Sudan Reports Eritrean Attack

KHARTOUM — Sudanese armed forces repelled an Eritrean attack on seven Sudanese border positions, causing heavy Eritrean casualties, Sudan's armed forces general command said Friday.

icin a statement broadcast on public radio, the general command said Sudanese forces had shelled unspecified border positions early Thursday to push back what they said were Eritrea's continuing "aggressive acts against Sudan." "Eritrean troops penetrated Sudanese territory in response to

the attack but they were driven back, the statement said, adding that several Eritrean soldiers were killed during the The daily Akhbar al Youm poblished a report from Kassala

in eastern Sudan saying Eritrean and Sudanese opposition forces had Thursday shelled nine "densely populated" villages, killing and wounding an unspecified number of civilians, including children. (AFP)

2 Koreas to Discuss Joint Festival

SEOUL — South Korea's Unification Ministry on Friday gave the go-ahead for discussions with North Korea on a joint festival proposed by Pyongyang earlier this week.

A spokesman quoted Unification Minister Kang In Duk as

telling reporters the government had decided to pursue Pyoogyang's proposal for holding the festival in the border village of Panmunjom. It would be the first time the two countries

organized a joint event of this kind. The government will propose to North Korea next week on holding civilian-based talks for the festival," he said. "The government deemed that this proposal did not contain a political purpose and decided to approve it."

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EDITORIALS/OPINION

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Holbrooke's New Job

Richard Holbrooke is living proof that you do not have to win friends to influence people. The most undiplomatic of diplomats, he is nevertheless persuasive enough to be a good choice for the post of Washington's representative to the United Nations. The man he replaces, Bill Richardson, is his stylistic opposite, an Olympic-class schmoozer. He, in turn, knows Washington and the relevant issues well enough to make a solid energy secretary.

One of the few things these two men share is friendship with Al Gore and a fervent and not entirely disinterested desire to see him president. Mr. Richardson, conscious that voters do not always reward foreign policy expertise, has talked about running for governor or senator in his home state of New Mexico, and some reports have Mr. Gore eyeing him as a possible running mate. The post of energy secretary will give him cabinet-level experience in a domestic issue, one of particular importance to New Mexico, bome of the Los Alamos and Sandia nuclear laboratories. But he will lose political stature if he uses the post to promote pork projects for his home state.

Paradoxically, his best qualification for the job is his international experience. As a congressman and at the United Nations, Mr. Richardson served as the administration's 'undersecretary for thugs," as be puts it, as

emergency envoy to places like North Korea and Iraq. These trips will be good background for a job that now includes dealing with such foreign issues as nuclear testing and oil pipelines in the Caspian region. His confirmation should move smoothly. provided his explanation of his job interview meeting with Monica Lew-

insky holds up.

Much has been made of the rivalry between Secretary of State Madeleine Albright and Mr. Holbrooke, who nearly had her job. It is true that Mr. Holbrooke has a reputation as a difficult man who sometimes verges on self-parody. But he is also seriously concerned about the moral dimensions of foreign policy and the use of American influence.

He will be a valuable ally for Mrs. Albright in administration discussions and will belp her counter the Pentagon, which has drawn President Bill Clinton into bad decisions on such issues as land mines.

Mr. Holbrooke will not charm his UN colleagues. Indeed, many UN officials who worked with him when he successfully led the Bosnian peace negotiations were put off by what they, and numerous others, perceived as his arrogance. But head-cracking has served him, and American interests,

-THE NEW YORK TIMES.

Satellite Deals

Evidence keeps mounting that the Chinese Army is exploiting flawed American export controls to acquire sophisticated satellite communications technology for military and intelligence use. The Pentagon and State Department are now questioning the pending sale of a Hughes communicaoons satellite whose upgraded design would let Chinese authorities eavesdrop on mobile telephone conversations at home and abroad.

President Bill Clinton should suspend this sale and the licensing of any more satellite deals with China until export control rules are tightened. In particular, he needs to put the State and Defense departments back in charge of export approvals and diminish the role of the Commerce Department.

Communications satellites must be carefully watched because they have both military and civilian uses. Satellites for civilian mobile telephones can he used hy China's army to communicate with remote field units. When equipped with powerful antennas and computers, they can spy on other coun-

tries' communications systems.
In the mid-1990s, with China's own communications satellites wearing out, military leaders set out to find foreign-built replacements. The Clinton administration initially approved

the Hughes sale, it now says, after being advised that the Chinese could purchase similar communications technology from European sources. But since that approval the project has been modified by adding a more powerful antenna. It is not clear that China could obtain comparable equipment from Europe.

Critics have suggested that the administration loosened the rules on satellite sales because of large campaign contributions to the Democratic Party from the American aerospace industry and, it appears, Chinese military officials.

In late 1996, the same year President Clinton initially approved the Hughes satellite, he granted the aerospace industry a change in export licensing procedures. Satellite licensing authority was shifted from the State and Defense departments, whose concern is national security, to the Commerce Department, which promotes business deals,

But in a country like China, where aerospace and communications companies have close links to the army and government; these deals are rarely purely commercial. Mr. Clinton should work with Congress and the intelligence agencies to evaluate any damage done and to develop a sounder policy. -THE NEW YORK TIMES.

Reform Isn't Dead

The House speaker, Newt Gingrich, and his allies did all they could this past week to bury campaign finance re-form. But after two days of skirmish-ing, Representative Christopher Shays of Connecticut extracted a promise from Republican leaders Thursday to vote on the Sbays-Meehan bill to outlaw "soft money" before the end of the summer. That promise strengthens the chance of reform and also challenges Republicans to get on board.

There is ample reason to be skepncal of any offer from the speaker. To sabotage a debate in March, Mr. Gingrich tried to foist a phony bill on the House. He later spoke of a vote in May, and now he is talking July. It all adds up to a speaker on the run, improvising to forestall the inevitable. The handshake Thursday between Mr. Shays and Dick Armey, the majority leader, amounts to the first firm promise of an actual vote.

The evidence is mounting, moreover, that the Shavs-Meehan legislation, cosponsored by Representative Martin Meehan of Massachusetts, is picking up steam. We had urged that supporters of Shays-Meehan - which would ban unlimited contributions to parties by corporations, unions and rich donors — reject a separate bill calling for a study commission. The fear was that the commission might pass by a small margin, and that the Shays-Meehan bill would bave to pass by an even bigger margin to

On Wednesday night the commis-

sion was actually defeated, 201-156, sending a thunderbolt into Mr. Gin-

to schedule a vote. But this is a game

The defeat of the commission measure suggested that there are 30 to 50 moderate Republicans ready to declare their independence from the leadership and join with perhaps 190 Democrais to put the measure over the top this summer. It would then have to go back to the Senate, where a clear majority is also on record as favoring reform but saw it killed last year because of a filibuster under the direction of Trent

-THE NEW YORK TIMES,

gricb's office. The speaker then began to worry that enough Republicans might defect and ioin with the Democrats to reject a special rule governing the debate, which would have allowed for the death-by-amendment scheme. If the rule had gone down to defeat, the speaker would effectively have lost control of his own House. Democrats were angry that Mr. Shays had agreed to support the rule in return for Mr. Armey's promise

that requires some gambles. Lott, the majority leader.

We remain convinced that if the Shays-Mechan bill passes this summer and goes back 10 the Senate, Mr. Lott will not be able to control his members and make them dance to the tune of jangling cash registers. There will, we predict, be enough Republicans in the Senate as the election approaches to break the filibuster and pass reform, It is anything but a sure thing, but this is no time to give up.

France, and Europe, Are Doing Some Things Right

PARIS — Prime Minister Lionel Jospin's brief visit to Washington at the end of the week was preceded by the usual flurry of complacent and condescending American appreciations of France's backwardness and of the bad character of the French.

This kind of thing has been the thin gruel of American and British appraisals of France since the time of Napoleon, when British mothers warned their children that if they misbehaved, "Boney" would get them. It is interesting chiefly for the persistence of national stereotypes in the popular

imaginations of nations. Stereotypes can also be symbiotic. Pessimism and dismay about the nation are considered in France evidence of intellectual seriousness, in contrast to the vulgar national boasting thought characteristic of Americans.

The novelist Albert Camus wrote about the French capacity for loathing political opponents to the point of favoring the foreigner.

This was true of the Stalinist left in the 1940s and 1950s. In recent years the French right has been eager to tell foreign reporters bow dreadful successive Socialist governments have been, and how awful their policies. This is faithfully relayed back to France by American newsmagazines and British

The current British-American in-

By William Pfaff

resist the globalized capitalist order. assumed by current British and American economic ideology to express the laws of nature.

Everyone in the end will have to conform, it is said. No doubt the French will resist longer than anyone else, but it will do them no good since the American way reflects God's (or the Deity of the Economy's) ordering of the secular universe. This is the latest version of the fruit-

less controversies that have gone on for years. For a half-century Americans have rebuked France for anti-American nentralism or vainglorious Gaullism. Western Europe as a whole has in the last 30 years been accused by Washington of Eurocommunism, "Eurosclerosis" and Europessimism, all of them supposedly degenerative conditions resulting from an unwillingness to adapt economically. Every one of these baleful diagnoses of Europe has proved to be wrong. Along the way there was also For-

tress Europe, the perceived threat that the European Community would put np a wall of protectionism against America's free economy. This would also doom the Continent to decline, it is said. but would nonetheless cause a lot of nuisance to the United States. This scedictment accuses France of instigating and leading a wider European effort to adoption of a single currency,

might provoke a war between the Euro-

pean Union and the United States. The United States in 1945 was on top of the world. Europe was in ruins. France in 1945 was a predominantly agricultural country, its industry mostly wrecked. Will Clayton of the State Department toured Europe during the winter of 1945 and briefed Washington that damage was much worse than had been reported, with widespread hunger and a threat of revolutionary political disorder, especially in France. That was the genesis of the Marshall Plan.

A half-century later, the 15 members of the European Union have an aggregate gross domestic product 20 percent larger than that of the United States (\$5.58 trillion, compared with \$6.95 trillion). GDP growth for the EU from 1985 to 1995 was higher than that for the United States and after several stagnant years is once again picking up, with unemployment beginning to fall in the Continental economies.

According to the latest available OECD figures, France's gross domestic product now is second in Europe and nearly a quarter that of America's, in a population only a fifth as large as America's. France is the fourthranking world economy, the thirdranking in inward investment (the United States invests more in France than in any other country). It is the fourth-ranking world trading power,

the euro. Professor Martin Feldstein of Harvard actually thinks that the euro than 1 percent of GDP, compared with America's persisting trade deficits Europe and France must have been doing some things right.

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France also is second to the United States in commercial and military aircraft production, aerospace and the production of nuclear energy, and is considered (on obviously nonobjective criteria, but few are likely to argue) the leading country in Europe for 'quality

The challenge that France (and Germany) currently make to American economic doctrine is ethical and political in origin, arguing that maximizing profits is not the purpose of existence even economic existence. Since this was a belief also held by many "Anplo-Saxon" economists as recently as 30 or 40 years ago, it is not wholly bizarre.

Another Harvard professor, Joseph Weiler, in a recent interview offered a different American opinion of France. He congratulated it for having invented and led the unification of Europe, a freely chosen integration of autonomous nations, 'an experiment without precedent in the history of ideas."

He said that this had produced a

political construction of a kind the world has never before known. He compared the accomplishment with the creation of the Roman Empire - only better, because peaceful.

International Herald Tribune. Los Angeles Times Syndicate.

Clinton's China Trip: Scripted Around a Set of Fictions

By Jim Hoagland

WASHINGTON — Some Republicans skirt close to charging Bill Clinton with treason in his dealings with China, putting the president on the defensive as be prepares for a nine-day trip to the Middle Kingdom. Such partisan overstatement obscures the real problems, and the real politics, of the forthcoming voyage.
The diplomatic strategy bedemic specialists,

hind the presidential journey is flawed, not fatal or felonious. The United States is strong enough to survive the Clinton China policy (which greatly resembles the policies of his Republican predecessors) and Beijing's relatively feeble attempts to buy influence and militarily useful technology in the American marketplace. It is the contribution this trip

makes to the erosion of Mr. Clinton's credibility in the world that should be the primary concern of presidential critics and friends alike.

President Clinton has already shown himself to have scant strong words he will ntter about concern for the truth on a wide America's commitment to huvariety of subjects. He does not man rights will eclipse the imneed to go to Tiananmen Square ages of his warm embraces of to remind the world of his extraordinary talent to deceive others and, arguably worse in a ticipating in an arrival ceremony politician, to deceive himself when that is convenient.

But that is the situation he is setting up. His China trip is being scripted around a set of fic-tions. Mr. Clinton joins the Chinese in manipulating himself for their purposes, which he mistakes as identical to his own.

The most important fiction is that this trip is about changing the values and politics of China.

It is in fact a trip dedicated to changing American percep-tions and politics, to get the American public at large to accept the anodyne, uncritical view of China now firmly entrenched in the ranks of American business leaders and aca-

The trip is being preceded not only by the spin sessions White House aides routinely provide for journalists but also by extraordinary advertising cam-paigns sponsored by Boeing, Mobil and other U.S. corporations. They are pleading for understanding and political support for the Chinese Communist government's efforts to secure a special place in the world trading system.

These ads are no doubt placed in gratitude, which Winston Churchill once defined as: the expression of thanks for fa-vors still to come.

Mr. Clinton argues that the China's leaders. He promises to negate the symbolism of his paron June 24 at the edge of Tiananmen Square, where Chinese troops slaughtered hundreds of peaceful pro-democracy demonstrators on June 4, 1989.

The ceremony at the square will be "a five-minute deal," with Mr. Clinton making no public statement there, Samuel R. (Sandy) Berger, the president's national security adviser, said on a visit to The Washington Post the other day. Mr.

Lukashenko in Belarus.

Mr. Yeltsin's government is characterized as "reform

minded" but suffering from

massive tax evasion. The reality

is a hit different. Mr. Yeltsin's

personal support for reforms

has in fact been inconsistent. At

key points since 1991 he has

simply withdrawn to his dacha.

leaving lower officials to fend

for themselves. At other times

he has reversed steps needed to

reforms vigorously has now canght up with Mr. Yeltsin. De-

spite massive debt reschedul-

ing, private loans, considerable

foreign aid and large loans from the International Monetary

Fund and the World Bank, Rus-

sia is now approaching a fiscal

cuts might indeed be alleviated

by an additional IMF loan, but

another worrisome reality in

Russia -- corruption and re-

The pain of planned budget

This unwillingness to pursue

move forward.

train wreck.

Berger negotiated the details of the ceremony in Beijing. "This is where every leader who goes to China arrives," he said. "This is a location that has

600 years of history for the Chinese people." He added: "Doing this does not absolve the Chinese from what happened in 1989."

But in China, the site of the arrival ceremony is now about politics, not protocol. The last foreign dignitary to visit China before the massacre was Mikhail Gorbachev, who was greeted at the Beijing airport to keep him away from the demonstrating students, who had gathered in Tiananmen to endorse his peres-

troika reforms. Douglas Paal, president of

the Asia-Pacific Policy Center and George Bush's national security adviser on Asia, takes this view: "The Chinese began abso-

lutely insisting that the arrival ceremony be held in the square after 1989, to make a political point. Before that the ceremony was often at the airport. Look at the photograph of Zhou Enlai greeting President Nixon"

A small detail? Mr. Berger clearly thinks so. "We can achieve more in advancing the cause of political freedom by not making the trip for the Chinese totally about Tiananmen, which it certainly would have been if we had declined to go, but about human rights. They made it very clear. This is where they do it. But this is more than detail. It

is characteristic of the administration's avoidance of inconvenient facts, and of its refusal to acknowledge the enormous importance that such details of form possess in Chinese society.

Much of what Mr. Clinion

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and his aides do not know about China — from Tiananmen welcoming ceremonies to shipments of nuclear technology to Pakistan - exists beeause they determinedly do not want to know.

Republicans, look at this trip and cry treason. Mr. Clinton looks past the corporate greed. political ego and strategic mis calculation that have shaped it to see the best of all worlds. Each side prefers comforting illusion to the mixed reality of an emerging China.

The Washington Post.

The Brutal Cynicism' of the West's Defection 🦈 MERICA has become the democratic direction is not at all leven bigger Kabila. By con-

A leader of a full Western retreat from the human rights inside China today the Comcause in China, Clinton's de-munist Party has no way of concision to go to Beijing at this time taining the countervailing sends a very clear signal that he forces for more freedom. But is more concerned with supporting the antocracy than the democratic movement in China.

The Chinese people will view Clinton's visit the same way normal Americans or other decent people would: Imagine if your brother or sister had been killed on the street. And then you were to see Clinton shaking hands with the very people who had killed your loved ones. You can imagine the depth of your anger and shame at the brutal cynicism of it all.

inevitable. All we can say is that trast, the West gave very strong because the Communists don't abandonment of China's demo allow for the organized existence of democratic influences inside China — and because the West has now abandoned the democratic movement — one can't say which direction events will turn in a crisis.

The case of Zaire is instructive. Mobutu knew be couldn't go on the way things were. But since the West failed to support a democratic alternative, Laurent Kabila emerged out of the vacuum. Is Kabila a change for the better? China could get an

support to Nelson Mandela in South Africa. That is the kind of support we need in China.

The timing of the West's

cratic movement could nor be worse. At the very moment when there is so much ferment in China - at a time when the West could make the most difference - it has dropped the ball. Now the Chinese people must go it alone. And that means charge will not take place rapidly. -Wei Jingsheng, a former

political prisoner who lives in exile in New York, in an interview with Nathan Gardels of Global Viewpoint (Los Angeles Times Syndicate).

Quit Coddling Yeltsin and Demand Serious Changes

[...] China's change in a

By Benjamin A. Gilman

WASHINGTON — President Bill Clinton has announced his support for a pos-sible new IMF loan to Russia. potentially totaling \$10 billion. Instead of rushing to provide that assistance to President Boris Yeltsin's government, we Americans ought 10 stop, ask some questions and seek changes in Russian policies.

Russian foreign policy today appears to bave one unfortunate objective. With his oft-repeated mantra of seeking a "multi-polar world," Mr. Yeltsin's foreign minister and former director of Russia's intelligence service, Yevgeni Primakov, ap-pears intent on creating challenges to America's global leadership, challenges we must assume the United States will overcome only after providing

concessions to Russia. Thus just as the United States seeks to persuade Russia to participate in the larger effort by the community of nations to fight proliferation of weapons of mass destruction, enforce United Nations mandates in places such as Iraq and pursue solutions to other global problems, Mr. Primakov appears more interested in pursuing a price for Russia's cooperation.

Despite American concerns. the Yeltsin government has extensive relations with Iran, a supporter of international terrorism intent on becoming a regional military power in the Gulf.

Russia provides advanced weapons and military technology to China, which are likely to contribute to future challenges to the ability of American forces to defend our friends in the Pacific, as Chinese missile firings off Taiwan have portended.

lated flight of capital — un-derlines how temporary that relief would be. Communist Cuba, with Rus-Veniyamin Sokolov, a director of the Russian equivalent of sian encouragement, continues to seek Soviet-design reactors, the U.S. General Accounting Of-

despite American concerns. fice, recently visited the United Às America seeks to stabilize States and spoke of the rounne the former Soviet states. Russia theft of moncy from Russian has involved itself in ethnic congovernment and industry. Rusflicts on its periphery through sian nuclear reactor operators, coal miners and other workers covert arms supplies and other means, and has cut its neighbors' have protested over unpaid access to energy pipelines.

Moscow has failed to ratify wages in recent years. It would now seem that the problem can the START-2 arms reduction

be traced to such theft. treaty and demands questionable A recent study brings home to revisions in other arms pacts. us the consequences of this, es-Oddly, despite its financial contimating that while Russia's forstraints, the Yeltsin government eign borrowings in recent years has found the means to help fihave totaled \$99 billion, a full nance the Soviet-style dictator-\$103 billion in capital has been ship of President Alexander spirited out of the country.

Thus much that Russia has borrowed has not gone into productive investment to create a bigger tax base but has instead filled the gaps left by the dis-appearance of billions of dollars worth of Russian capital. Meanwhile, Russian households and entrepreneurs starve for such capital, operating on a barter basis, which, again, cuts into Russia's tax base.

Now Russia's borrowing to pay its bills has created burgeoning short-term debt payments. Last year, a quarter of the government budget went to pay debt interest, and that figure will rise.

President Yeltsin cannot simply make bellicose statements about tax cheats and resume business as usual. And American officials should not rationalize new loans by simplistically depicting a "re-form minded" government.

It is also not an answer to say that, without loans, nucleararmed Russia would fall apart, with subsequent instability placing America at risk. Given current trends in Russia, such instability is already likely --- and soon - unless President Clin-

ton insists on real change in Russian foreign and domestic

If President Yeltsin fails to attack corruption at the highest levels. Russian money will continue to disappear — and the Russian people's patience is not limitless. Unless Mr. Yelsin engages in comprehensive eco-nomic reform — and stays enaged - foreign investment in Russia will not grow.

Finally, if President Yeltsin does not begin to work sincerely with the United States to prevent proliferation of weapons of mass destruction to countries such as Iran and Iraq, and to resolve ethnic conflicts, particularly in the Balkans and the Caucasus, Russian domestic instability will be compounded by growing instability outside Russia's borders.

This is a pivotal moment in our relationship with Russia. Now is the time to insist on steps by President Yeltsin that will put the American-Russian relationship - and reforms in Russia - back on the right track.

The writer a Republicum from New York, is chairmand the House International Relations Committee. He contributed this comment to The Wash-

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: U.S. Imperialism WASHINGTON - The tide of imperialism sweeps on. The country rushes at war like an elephant running amok in the jungle, heedless of consequences. The Hawaiian vote commits the nation to an imperial expansion policy. The Oregon election decisively and unexpectedly Republican, pledges the country to the war

policy of the Administration.

Everything beads towards war.

1923: Dry Debate

LONDON - The Premier, Mr. Stanley Baldwin, side-stepped the question of retaliatory action as a result of America's dry enforcement on British liners when Sir W. Davison, a prominent Tory, asked him in the House of Commons this afternoon [June 19]: "Is it not time we no longer be so weak in our dealings with foreign Powers"

Mr. Baldwin is not anxious; to do anything to cause the slightest friction with the United States Government, But, at the same time, he is confronted with the rapidly crystallising opinion here favoring a strong stand against the American edict and no compromise at the expense of recognised territorial limits.

1948: What Men Wapt LONDON -- British women

learned today [June 19] that they do not have to be good cooks, chaste, or physically attractive to catch husbands. in a nation-wide poll, carried out by the Federation of Psychologists. British men said they did not object to marriage with a woman even if she was a poor cook, physically unattractive, and unpopular with his family. "And," said the secretary of the federation, "chastity does not seem to be regarded as an important issue anymore.

Herald Eribune

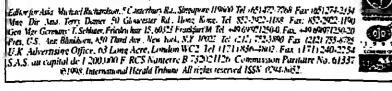
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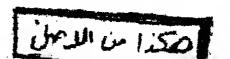
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ART

The Puzzling End of British Avant-Garde

Burne-Jones, Illustrator, Designer and Artist: Kitsch or Romanticism?

By Souren Melikian International Herald Tribune

TEW YORK - Those of us who have a boundless admiration for Turner's quasi-abstract compositions distilled in pure light of the 1840s have most of the summer to ponder one of the great unanswered questions of Western art. What is it that made British avant-garde art end abruptly in the middle of the 19th century, leaving the way open to "Ed-ward Burne-Jones: Artist Dreamer."

The Burne-Jones case sums up the enigma and perhaps answers it in part. Right at the beginning of the show, at the Metropolitan Museum of Art until Sept. 6, two small drawings, so clumsy that Burne-Jones later tried to disown them, reveal the earliest and the truest side to the artist. They are illustrations for "The Fairy Family: A Series of Ballads and Metrical Tales" by Archibald Machan, published in 1857.

At beart, Burne-Jones was, indeed, an illustrator, with a sideline in design. During the first decade of his career, until the late 1860s, he turned almost exclusively to drawing enhanced with wash and bodycolor, not just for health reasons (oil paint caused him some res-piratory problems) but because drawing is the essence of illustration.

Like all illustrators, Burne-Jones was more concerned about the expressiveness of posture than psychological scrutiny. In one of his first ambitions drawings, "The Wise and Foolish Virgins," the emphasis is on the movement of stylized drapes. The faces give an empty

stare like dummies in a window. Almost invariably, Burne-Jones would draw his subjects from books, not

resent characters from a "Gothic" romance written by Wilhelm Meinhold in 1847, "Sidonia von Bork" and "Clara" stories on chivalry. In this story, a Florentine knight, Saint John Gualbert, passes a roadside shrine and is mivon Bork," handled in neo-16th-century style. This is done essentially by fo-cusing on costume — the pattern of one, the velvety sheen of the other. Details fill the background without direct relevance to the subject — covering the space is a 19th-century illustrator's obsession. And as in magazine illustration, there is no depth or volume to the composition.

Paradoxically, Burne-Jones used that same manner in drawings that one might have expected him to do from life. In "The Backgammon Players," two women sit on opposite sides of the game table without relating to each other. One woman gazes vacantly at some distant point, the other looks down. Both seem frozen in theatrical postures, like cardboard characters lifted out of a puppet show. The great concern of the artist in the

next few years was not to observe, but to give a period cachet, a tone. If nothing else, Burne-Jones had a vivid sense of what is fashionable, and the mood in his time was to turn to the past, perceived in Hollywoodian manner. With the uninhibited versatility of a decorator designing stage props, the painter borrowed freely from every early school depending on whether he wanted to give his compositions a medieval, Renaissance or early Baroque whiff.

A medieval suit of armor could be deemed sufficient to do the trick. In "Merciful Knight," Jesus on the cross bends down to kiss the head of a kneeling knight in shining armor. The setting is an awning with a tiled roof and the backdrop a very English park with leafy trees. The source for this odd image is Kenelm Digby's "The Broadraculously embraced by the wooden statue of Jesus as a reward for the mercy he displayed on a Good Friday. Barne-Jones's attempt does not quite come off. There is an unintended comical contrast between the lush North European greenery and the figure of Jesus, between the suit of armor and the folksy structure.

In scenes where Burne-Jones endeavored to create an overall medieval atmosphere, such as in the 1863 "Annunciation," the effect is hardly more felicitons. The style influenced by Flemish primitives is clumsy in execution. The drape of an angel bending, its body partly concealed by a pillar, fails to connect convincingly with the bust.

Y the mid-1860s, technical inadequacies were ironed out, but the disturbing artistic patchwork effect persisted, caused by the artist's proneness to borrow indiscriminately from every early source. In "The Prioress's Tale," the flowers reflect early 16th-century German models while the bending woman in a blue drape owes something to 17thcentury Baroque painting and the burghers in the distance, a lot to 15thcentury Flanders. But the maudlin simpering face is pure Burne-Jones.

As time went by, Burne-Jones cast his net far and wide. When portraying his young flame, Maria Zambaco, in 1870, he turned to the 17th-century Greek-Spanish master El Greco for the white shimmer in the dark bluish-green drape and to the 18th-century French portraitist Greuze for the soppy face about

Around the mid-1870s, a new tone set in. Burne-Jones took to oil painting, health problems notwithstanding. The (calculated?) naïveté and the awkwardness went, giving way to a sculptural, illusionistic style still without volume or depth, but with a new sense of per-spective. Combined with the expressive postures and the would-be tragic eyes, it often resulted in kitseb of the first water. It could be characterized as hyperrealism in sentimental vein, and some of it occasionally approached Surrealism—in the series "The Beguiling of Merlin," dated 1874, "The Hand Refrains" looks like some Victorian prototype of a Delvaux painting.

The last stage in Burne-Jones's search for la granda maniera perhaps reflects the artist's growing awareness of photography, which was becoming obiquitous by 1880. The first signs of this new approach are to be found in his compositions imitating close-up views, like 'An Angel Playing a Plageolet.' A winged female figure in flowing robes, walks sideways, cropped on three sides. Except for the color scheme, borrowed from 14th-century Primitives, the yearning for the distant past is all hat gone. No trace of it remains in the portrait of Frances Graham done in 1879. Both in the composition and in the detail of the face turned toward the viewer to look him squarely in the eye, a novelty for Burne-Jones, the influence of photography is obvious.

It was maintained two years later in the likeness of Lady Frances Balfour, particularly in the cropping of the arms. When he started to portray his wife, Georgiana, around 1883, Burne-Jones seemed to go further in the precise rendition of surface and of the minutiae of the features. The saperlatively real-



"An Angel Playing a Flageolet," 1878. by Edward Burne-Jones.

istic rendition of the eyes may be a conscious imitation of photographic effects. This is truer still of the portrait of his danghter Margaret done in 1885-1886, with luminously sentimental

eyes. Victorian England loved it. Ironically, the perfect hanging of the show with its admirable sense of pro-

portion and pace, as good as ever at the Met, enhances the spoofery of the achievement. Few can remain indifferent. There are those who find it won derfully Romantic. Others will shudden at the vulgarity, the cheapness, not qui redeemed by the moderately success

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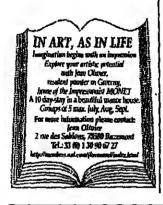
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A Visit With the Dead French Artist's Curious Memorial

By Michael Gibson national Herald Tribune

has been more with tempus as he put it, of "objects that fugit than with carpe diem. He has constantly evoked the irremediable flight of time by using (often to good effect) barely lighted, high-ceilinged the pathos and banality of room whose walls are quasi-anonymous amateur black-and-white snapshots found in millions of family alhums until the world turned to Kodachrome.

Musee d'Art Moderne de la a similar photo on their back. partment. Boltanski is obvicurious memorial to the anonvmous dead.



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with pardonable narcissism ARIS — The French entitled "Search and Present-artist Christian Bolt- ation of All That's Left of My anski's chief concern Childhood," which made use over the past decades of amateur photographs and, had lost their meaning."

In the current show, the visitor first walks into a large, covered, from top to bottom, with very large portrait photos

storeroom where metal shelves are piled ceiling-high with used clothing and another jects: umbrellas, eyeglasses,

overcoats, suitcases, etc.
A volume entitled "Kadcatalogue, and one may be led

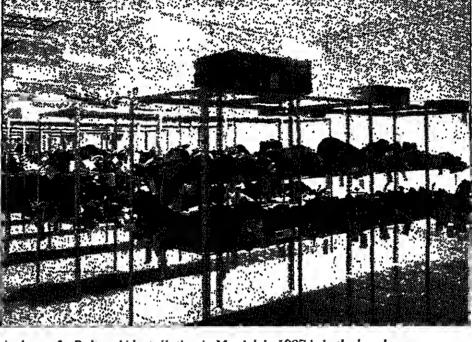
In his early work, he dwelt died) in the '40s and, despite ith pardonable narcissism its title, includes a number of on his own past, as in a book men in German Army uniforms of the period who are now among the dead.

A thin brochure is also available in which Boltanski offers some keys to his ex-hibition. It includes photographs of a number of earlier installations. The lost objects that would

appear to have belonged to

the dead whose faces are shown apstairs, were origiof people presumably long nally displayed in Grand Cen-dead. Next comes a high cor-tral Station in New York and ridor lined with cloth-bound all were provided by the sta-His "Recent Years," at the dossiers, most of them bearing tion's Lost and Found Deof painted cement stairs, to a so strongly felt in any flea lampshade, a frayed purse where, inside a wire-mesh en- and other assorted junk lined closure, further shelves are up on the sidewalk convey the bc observes. filled with hundreds of lost ob- mute and lightless melancholy of orphans cast up in the

wreck of a life. A volume entitled "Kad-dish," the Jewish prayer for evance of this kind of installthe dead, is sold instead of a ation, which is, in a sense, like families, including the French the proverbial Spanish inn in psychologist Marie de Hento assume that all this has which you only find what you nezel, who assists the dying in some bearing on the Shoah. bring there yourself. But a Paris hospital and was con-Yet such is not the case. The Boltanski offers an answer of sulted by Francois Mitterrand book itself is impressive, be- sorts to this, taking his work when doctors told him he ing filled with hundreds of beyond the realm of art and would die shortly of cancer. amateur portraits of people turning it into an unusual Death, she argues in a re who lived (and presumably form of "cultural action" to cent book, "Intimate Death"



Ville de Paris, fuses a number And so is one led by de-ously aware of the peculiar of recent installations into a grees, down dark, dull flights pathos of the lost object that is A photo of a Boltanski installation in Munich in 1997 is in the brochure.

have a problem with death,"

"N this be echoes statements made by many professionals dealing with the dying and their nezel, who assists the dying in Death, she argues in a re-

market. A chipped cup, a deal with something that has (Knopf and Little, Brown), this exhibition are indeed imbroken nutcracker, a dusty gone out of joint in our curneeds to be put into words. Its pressed, but some are critical rent cultural patterns: "We approach can be seen as the and hold that Boltanski's apculmination of life and the proach is a mite demagogic. dying must be allowed to take stock of their accomplish- however, must be found to ments, make amends for put death and time into whatever wrong they feel they have done, and give expression to the intense love capes being literal, bowever, they feel for those they leave thanks to the surprising use he behind. When death is taboo makes of ordinary photoand cannot be mentioned, the graphs we would never have emotional intensity that is the noticed but for him. only reward of that moment is brushed aside, and the dying make a miserable, wordless

exit from life. Many of those who visit Wilson, to Oct. 4.

Indirect and clever ways,

words. Boltanski's approach es-

Christion Boltanski, "Dernieres Annees." Musee d'Art Moderne de lo Ville de Poris, 116 Avenue du President

China Blocks Opera Sets

By James R. Oestreich

New York Times Service

EW YORK - The authorities in Shanghai have blocked the shipment of sets and equipment for a classic Chinese opera that is scheduled to be the centerpiece of the Lincoln Center Festival next month, threatening to disrupt the event and start an international incident.

The action came during a week in which the authorities strongly criticized the frank sexual content and other aspects of the new production of the 16th-century opera, "The Peony Pavilion," which stretches over 20 hours, and has rarely if ever been performed in its entirety in modern times.

When the criticisms emerged this week, Lincoln Center informally asked the State Department and the U.S. Information Agency to follow the situation. After Thursday's action, in which the Shanghai Municipal Bureau of Culture refused permission for sets from the Shanghai Kunqu Opera Company to leave the airport, the State Department intervened.

Beverly Sills, chairwoman of Lincoln Center, has sought help from former Secretary of State Henry Kissinger, who is a friend. Because the production is scheduled to move on to the Festival d'Antomne in Paris in November, the French Foreign Ministry has also become involved.

The shipment in question, consisting of all the sets, props and costumes for the production, was ostensibly held back for an inspection of the contents, Lincoln Center officials said.

"They heard there was something illicit in the boxes," said Nigel Redden, the festival's director. "It was a technical matter, involving the listing of the contents. The authorities allowed the containers to be reclosed. Redden said, adding that he hoped they would be shipped on the next available flight, on Sunday. But he said the authorities still had objections to the production that could pose further problems.

"The Peony Pavilion" is directed by Chen Shi-Zheng, who was born in China but has lived in New York since 1987 and is an American citizen. The questions, Redden said, had mainly to do with the handling of sexuality in Chen's conception and his insertion of touches of modernity into the production.

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CLOUDS By Delia Falconer. 322 pages. \$23. Farrar Straus Giroux. Reviewed by Jonathan Yardley

POETIC" prose is a risky business. At its best it has the most successful passages of, say, James Dickey's "Depage, as in the most self-in-dulgent passages of, say, James Agee's "Let Us Now challenge for the writer of poetic sensibility and style who

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turns to prose is to avoid mere self-display, to write in a way that touches and pleases the prose more important than the other things the writer is trying to accomplish.

clarity and luminosity, as in country and by her publisher in the United States to write "with all the precision and liverance," but at its worst it exuberance of a poet," and to struts and preens across the do so in a "lyrical style." What is quite remarkable, coner's age and the difficulty Praise Farnous Men." The of the task she has set for herself, is that to a considerable 'The Service of Clouds,' her dream cast out from Sydney era and his clouds: his art. first novel in its best parts is absolutely beautiful; if its first Victoria It was vulnerable to a moves beyond Harry and half is stronger than its second, multitude of interruptions: Eureka. The First World War and if at times Falconer allows from horns and hooves, the begins, and Eureka goes to fancy, this is still a fine and

accomplished work. Falconer takes as one of several epigraphs these words hy the great critic John cold steel force and a thunder quiet thing by contrast with characteristic name were thoughts. Three days before needed for modern landscape our journey Gertie and Will art, none better could be in- Emmerton had placed stones the cottage garden - the vented than 'the service of on the track and giggled as the model railway — the Tiny clouds. "Here that service is front carriage reared up from Town - of love." This perperformed by a strange, gifted the rails." man named Harry Kitchings, whose story — part of il, at least — is told by a young woman named Eureka Jones. She loves him, and perhaps he loves her, but he is utterly

absorbed by the photographs

he is taking in the Blue Moun-

years of this century.

BOOKS

reader without making the only tell you this with cer-Harry Kitchings arrived in mountains into art. Katoomba, felt his spine fill Delia Falconer, an Australian writer in her early 30s, is said by reviewers in her home to the madness of photo-

scribes what this world was like in a passage that borders on excess but, like most of succumb to it: "In 1906 the Blue Mountains line was like a fine silver

which had caught at Mount herself flights of excessive curiosity of children and ir- work at a 'sanatorium for resolvable grief. Cattle consumptives." She finds stumbled out of the fog into love but not with Harry, who the pistons with blank faces. comes back one day to an-Suicides leapt to embrace a nounce that he has a wife, a which dulled their final

settle into the life of the grand human passion. mountains, much of which re-Majestic Hotel, to which people come from cverywhere for the water cure and to breathe the impossibly detains of Australia in the early licious mountain air. healthful clixir of sunshine

"Who can say precisely and gas." It is while Eureka is where love starts?" Eureka working as assistant in a pharasks, and then says: "I can macist's shop that Harry arrives with his cameras and his tainty: I had not noticed the vision, his longing to transcolor of the mountains until form the clouds and the

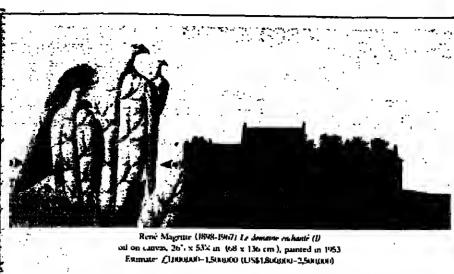
Their relationship is odd with air, and gave himself up and affecting. For two years she yearns for him ("He was graphy." Eureka had moved the first man to look into my to the mountains as a girl with eyes as if he expected to disher widowed mother. She de- cover something there"), and perhaps be for her. "In the six months since we met," he when one considers both Fal- Falconer's writing, does not cloud which I have not wished iells her, "I have not seen a to show you." She feels that they are growing closer, yet he never offers her himself or degree she has done just that, anchor of a spider's web, a his love. His world is his cam-

Eventually the novel Eureka's beauty and energy. "Instead of something wide and luminous, he had chosen mits him to continue to live Eureka and her mother within his art, undistracted by

At times, in its treatment of volves around the Hydro these matters, "The Service of Clouds" is a little studied and a little programmatic. But it is always interesting and intelligent, and its prose is

lovely,

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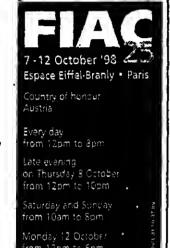
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Hyundai's New Frontier

Founder Hopes for Deals in North Korea

By Don Kirk

PANMUNJOM, Korea - Facing hard times as their companies lose sales and contracts at home, the leaders of Hyundai Group, South Korea's largest conglomerate, are looking for new business in a ceremonial homecoming this weekend to their ancestral village in North Korea.

The 83-year-old founder of Hyundai, Chung Ju Yung, and his family will get a beroes' welcome in the village of Asan, where Mr. Chung's father once

They are more interested, however, in visits to Mount Keumkang, rising about 20 kilometers (12 miles) sonth of Asan, and to the harbor city of Wonsan, 54 miles to the north, which Mr. Chung agreed in 1989 to help turn it into a world-class port.

Chung Mong Ku, a son of the Hyundai fouoder, prepared for the harbor project by arranging the purchase of 50 freight cars from North Korea. The cars were ordered by Hyundai Precision & Industries, which Ching Mong Ku heads, built with Hyundai Precisioo technology and shipped to the South from Wonsan.

"They represent our biggest pur-chase from North Korea," said a Hy-undai official. "They show what both

sides can do for each other."

The elder Mr. Chung had failed to conclude any deals when he visited North Korea in 1989, his only previous trip since he left in 1945. This mission marks probably his last chance to clincb a major deal in the North.



Now honorary chairman of Hyundai, Mr. Chuog is unable to walk without help and slurs bis words, but he seems help and slurs bis words, but he seems intent on saying the right things. "You are preserving your historical sites very well," North Korean media quoted Mr. Chung as remarking Friday after visiting a museum filled with ceremonial gifts for Kim Il Sung, the country's late "great leader," and his son and heir, Kim Jong II, the current general secretary of the ruling Workers' Party.

Mr. Chung passed through this truce village on the line between the two Koreas on Tuesday with a gift of 500

Koreas on Tuesday with a gift of 500 cattle. He was accompanied by the two sons who are now co-chairmen of Hyundai as well as three younger hmthers,

All tycoons in their own right.
His sons, Chung Mong Ku, 60, and
Chung Mong Hun, 50, see the opening
provided by their billionaire father as the start of negotiations for the group's northward expansion.

As chairman of Hyundai Engineering and Construction, Chung Mong Hun said talks were possible on all types of projects in a country left far bebind economically since the signing here of the Korean War armistice in July 1953.

'We hope first we can develop Keumkang,' he said, placing top pri-ority on development of the region of Mount Keumkang, Diamond Mountain the high point in a chain of ridges and peaks that stretches from southeastern North Korea across the heavily fortified frontier ioto South Korea.

Chung Ju Yung's third brother, Chung Se Yung, who served for many years as chairman of Hyundai Motor Co., smiled when he was asked if the Hyundai trucks carrying the cows might he the precursors to shipments of Hyundai cars.
"We feel deeply moved," said the

younger hmther, who is 70, "Something must be dooe" about the suffering of the North.

Chung Se Yung laughed politely about his reported interest in a deal for co-producing cars in the North, assemhling them from parts made by Hyundai in the South. "So many people are wanting to go to North Korea." said Chung Se Yung, who left home after the Japanese surrender in 1945 to seek his fortune in Seoul with Chung Jo Yung and two other older brothers. "We'll talk over and see what they want." Reluctance to talk may reflect fear of



HAILING THE DEUTSCHE MARK - Hans Tietmeyer, the president of the Bundesbank, autographing a 10 Deutsche mark bill on Friday as the History Museum in Bonn marked 50 years of the currency. Page 13.

projects fell through during the elder Chung's 1989 visit. One obstacle was disagreement over financing of a project for using North Korean labor to exploit timber in the Soviet Union. The rift was so severe that Mr. Chung left Pyongyang two days earlier than planned without seeing Kim II Sung.

Since then, only Dacwoo Group, Korea's third largest concluments of the constant of the co

rea's third largest conglomerate, or chaebol, has invested in the North, putting about \$5 million into clothing factories in the west coast port city of Nampo. Total North-South trade last year was a paltry \$308.3 million, much of it in textiles going to the North, where workshops turned them into clothing for sale in the South.

Both trade and investment may increase, however, uoder President Kim Dae Jung of South Korea. The government has lifted the \$5 million ceiling on how much a company can invest in the North and for the first time has authorized the shipment for factories failure. Keumkang and several other there of sophisticated machinery.

Lloyd's Private Investors Seek to Be 'Appreciated'

By Tom Buerkle Invernational Herald Tribune

LONDON - Private investors at Lloyd's of London clashed here with senior executives of the insurance market on Friday as the investors sought assurances that they had a future at the

The exchanges, which occurred at the annual meeting of Lloyd's, reflected widespread concern among private investors, known as "names," about recent developments at the marker.

A number of leading practitioners and executives of Lloyd's have suggested in recent months that the market should bet its future on corporate capital rather than the wealth of individuals, as it has for more than 300 years.

Chairman Max Taylor insisted that Lloyd's would remain open to private investors, but he stated in the clearest language yet by a Lloyd's executive that which individuals back underwriting syndicates, a process that must be renewed each year - would play a minority role in the market's future.

Lloyd's faced a period of 'intense and unprecedented change,"

Taylor said. The extra administrative costs of the annual capital venture are hindering the market's competitiveness, be said, while customers increasingly favor multi-year insurance contracts that can only be underwritten by insurers with a permanent capital base.

The market's governing council "welcomes continuous capital," Mr. Taylor said.

The comments reflected the current reality at Lloyd's. Since opening its doors to corporate investors in 1995 in a bid to save the market after a devastating run of losses totaling more than £8 bil-lioo (\$13.4 billion) in the early 1990s, corporations today supply 60 percent of the capital at Lloyd's, compared with just 40 percent by individuals.

The number of "names," mean-

while, has dwindled to 6,825 from more than 30,000 in the 1980s as many investors were ruined or scared off by their unlimited liability to cover underwriting losses with their personal assets.

But the remaining 'names' fear that the persistent negative comments about their role will make it difficult for them either to continue to invest in the market or to get a decent price if they decide to sell their participation rights to corporate investors.

Several of the names spoke out against allegedly conflicting advice given hy the managing agents of some underwriting syndicates, claiming that the agents stressed tough competition

We are here to make money and not to be bought out on the cheap.'

and a heightened risk of losses to private investors but gave a more upbeat assessment to corporate investors. Such comments risked stirring a pan-

ic among the names and depressing the prices they can get for their participation rights at the annual anctions of rights that Lloyd's conducts in July and August, they said.

"We are bere to make money and not to be bought out on the cheap," said Rona Delves Broughton, head of the High Premium Group, a group of some of the wealthier Lloyd's names.

Mr. Taylor said Lloyd's had oo plan to change its auction methods.
"Nobody's under any pressure to sell," be said.

Robert Miller, a spokesman for the Association of Lloyd's Members, said the group was satisfied with Mr. Taylor's assurances that names would not be squeezed out of the market, but he said names wanted closer scrutiny of agents' behavior and fresh efforts by Lloyd's to

recruit new private investors.

'To be honest, we doo't really feel

appreciated," Mr. Miller said.
Lloyd's said last month 1995 profit rose 5 percent, to a record £1.15 billion, as profitability peaked before falling in 1996 and 1997. Lloyd's reports results three years after the end of a financial year due to the complications of the business and the oumber of members.

EU Backs WorldCom On MCI Bid

Assent Lifts Key Hurdle To \$42 Billion Takeover

> By Edmund L. Andrews New York Times Service

FRANKFURT - After more than a mooth of negotiations, European antitrust regulators on Friday tentatively approved WorldCom Inc.'s \$42 billion takeover of MCI Communications

Corp., according to executives.

Though details still need m be clarified, executives said, the agreement removes the biggest remaining uncer-tainty about the ability of the two to complete their deal.

Uoder the agreement, MCI will sell its main Internet businesses and agree not to actively recruit back its old corporate customers. But WorldCom will he allowed to retain its big Internet subsidiary, Unnet Technologies.
Publicly, oeither WorldCom execu-

tives nor European Commission officials would comment on the plans Friday. But privately, officials on both sides confirmed that they had reached a working agreement and would try to resolve the remaining issues within the

next few days.

The U.S. Justice Department is examining the same issues as European regulators and is oot expected to make its decisions for several weeks. But WorldCom executives have treated the European objections as their most serious problem.

The huge deal is part of a much broader race for position between the world's giant telecommunications carriers, most of which have formed global alliances. It also comes as the European Union is forcing its own state-controlled telephone monopolies to accept com-

A combination of MCI and World-Com, which are now the second- and foorth-largest long-distance telephone companies in the United States, would create an entity with about \$70 billion in sales and a sprawling array of busi-uesses in voice and data communica-

The biggest part of that empire is in traditional long-distance telephone service but both companies provide highspeed data communications and Internet services are one of the fastest-growing areas in both Europe and the United

Though MCI and WorldCom are both American companies, European regulators assert their right to review any merger involving significant sales in Europe.

Karel Van Miert, the European Union's powerful competition minister, objected several months ago that the combined companies would have had too much power in the area of Internet

MCI agreed last month to sell its Internet "backbone" business, the high-speed nationwide network that

serves local companies that provide In-ternet access to businesses and individnals, to Cable & Wireless PLC of Britain. Bot Mr. Van Miert pressed for more, and MCI offered this week to sell off the businesses that provide Internet access to corporate and individual customers as well. The commission must reach a de-

cision by July 15, though officials want to deal with the issue on July 8. Mr. Van Miert met Friday in Brussels

with what is known as the merger task force, which consists of competition regulators from each country in the European Union. That group must recommeod either approving or rejecting a proposed merger.

ECONOMIC SCENE

Asia Crisis Brings Lower U.S. Oil Prices

By Martha M. Hamilton Washington Post Service

▼ASHINGTON — With oil prices at the lowest levels in more than a decade, Asia's pain is the gas guzzler's gain. U.S. consumers are benefiting from declines in oil prices and in the prices of some other commodities, too, as a result of the slowdowo in demand in Asia.

Lower oil prices also will offset some of the loss of trade with countries such as Japan and Indonesia and help reduce inflationary pressures, helping to keep interest rates down, economists said. But even lower oil prices are a mixed

blessing for the United States. About half of America's oil is produced domestically, and those producers are hurting, analysts said. "In the pure oumbers sense, the oil price does help offset the trade deficit said Joseph Stanislaw of Cam-

bridge Energy Research Associates. "But what's more beneficial to the U.S. economy in general? A stronger Asia that can import more or lower oil prices?" "On the net, it's better if Asia is strong, but there are some short-term benefits which help us," said David Wyss, an economist at DRI/McGraw-

Hill Inc., a forecasting firm. Oil prices, which were more than \$22 a barrel as recently as October, are now in the oeighborhood of \$12 a barrel. On Friday, the benchmark West Texas intermediate crude closed at \$11.88. Lower oil prices bave belped hold down gasoline prices even as more Americans hit the highway on summer vacations.

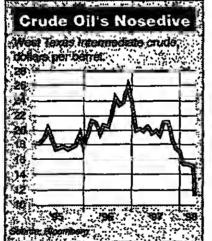
Automobile Association said the average price for a gallon of self-serve regular gasoline was \$1.11 a gallon, compared with \$1.22 a year ago.

"Consumers are benefiting, no ques-tioo about it," said John Lichtblan, chairman of the Petroleum Industry Research Foundation. But because of domestic oil productioo, the United States benefits less from low oil prices than Continental Europe and Japan, which import all their oil, he said. Still, in countries where currencies have been weakened, such as Japan, that has wiped ont much of the benefit from lower oil

prices to those economies, he said. The drop in demand from Asia has helped drive down prices, and the efforts by oil-producing nations to stop the decline have not been successful, said Mohammed Abduliabbar, a senior economist with the Petroleum Finance Co. Mr. Abduljabbar said he did not anticipate higher prices any time soon.

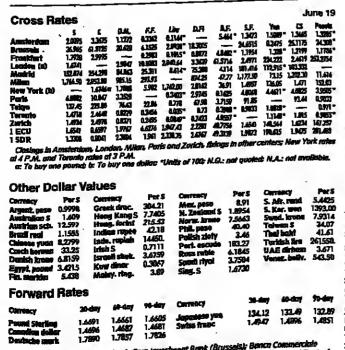
"It's unlikely that oil prices will turn around on a sustainable basis, but it is quite likely that the OPEC countries might prevent prices from going lower," he said. The Organization of Petroleum Exporting Countries will meet Wednesday.

Earlier this year, Saudi Arabia, Venezuela and Mexico, which is not a member of OPEC, led oil-producing countries in agreeing to cutbacks in pro-duction. Although the agreement tem-porarily stabilized prices, some countries failed to deliver on the promises to cut production, diluting the agreement's

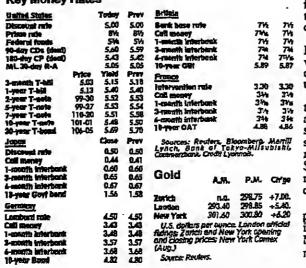


lysts expect the price of West Texas intermediate crude to average \$14 to \$15 a barrel for the year, down from estimates at the beginning of the year that it would average just under \$20 a barrel. Last year, the average was \$20.60, and in 1996 it was \$22.15.

According to the U.S. Energy Information Administration, a 10 percent decline in the price of oil over a two-ye period would add 0.2 percent to U.S. economic growth. Besides transportation, industries that benefit from lower oil prices include iron and steel, aluminum, chemicals, glass and cement. But in recent decades the United States has become more energy efficient, and the fastest economic growth has been in service and other industries that rely less At this point, many oil industry ana- on oil than manufacturing industries do.



CURRENCY & INTEREST RATES Libid-Libor Rates **Key Money Rates**



IMF Raises Pressure On Russia to Reform

MOSCOW - The international Monetary Fund is in- lot of money," Mr. Fischer creasing pressure on Russia said. to reform its finances, delaying a \$670 million payment of the size of a new loan. an existing loan and moving oew lending to ease a cash shortage.

The IMF's first deputy managing director, Stanley conference in San Paulo. He Fischer, said Friday that Rus- declined to elaborate oo those sia was taking the right steps to meet IMF demands to correct structural problems in its economy and could qualify for fresh IMF funds "relatively quickly" - next week or the week afterward.

Any discussion of a new loan, bowever, would have to wair until the \$670 million disbursement is approved by the IMF board, be said. The IMF's demands for

tougher fiscal reforms come more closely with the group of after Anatoli Chubais, Russia's envoy to financial institutions, said the country needed a loan of \$10 hillion to economic liaison council. \$15 hillion to support the Agence France-Presse reportruble and restore investor ed from Moscow, quoting the confidence.

Russian leaders have promised to cut spending and

conditions. The sum mentioned by Mr. Chubais is "a

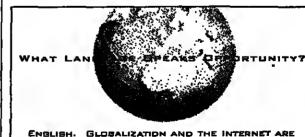
He declined to speculate on There are three or four slowly oo consideration of areas of concern remaining before the delayed loan installmeot can be disbursed, Mr. Fischer said at a news

> areas of concern. Uocertainty about the pros-pect for new IMF lending pushed down Russian stocks. Russia's benchmark RTS stock closed at 174.65, down 2.59 points, after falling 2.6 percent Thursday. The ruble

■ Council of 'Oligarchs'

Russia's government has decided to coordinate policy powerful bankers and financiers known collectively as the "oligarchs" by setting up an

Itar-Tass press agency.
The oligarchs include businessmen Boris Berezovsky increase revenue, although and Vladimir Potanin and oil-Mr. Chubais said the govern-ment might not accept all IMF Rem Vyakhirev.



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Delays Sale of

Very briefly:

 Mall of America's owner, the Annuity Association-College Retirement Equities Fund, is putting the huge shopping mallentertainment complex in Minnesota up for sale, and some observers said the property could bring more than \$650 million. Simon DeBartolo Group Inc. of Indianapolis, which manages it, was mentioned as a likely buyer.

• General Motors Corp. and the United Auto Workers were urged by Presideot Bill Clinton to settle on their own a dispute that triggered strikes at two Michigan parts plants and has shut down nearly 90 percent of GM's production capacity.

· Kaiser Permanente, one of the leading U.S. health maintenance organizations, said it would exclude coverage of Pfizer Inc.'s anti-impotence drug, Viagra, in new benefits

 Japan Telecom Co. said it would start cut-rate long-distance and international calling services in the United States on June 20 through its U.S. unit, with calls to Japan for 3 cents per minute less than the 33-cent rate planned by Kokusai Denshin Denwa Co. • The Securities and Exchange Commission's chairman,

Arthur Levitt, said be would meet privately oext year with dozens of mutual fund executives to press his campaign for improved disclosure of customer fees. Bloomberg, Reuters, AP

Telefonica Takes Over Brazil Firm

Bloombere News

PORTO ALEGRE, Brazil — Spain's Telefonica SA bought control of Cia. Riograndense de Telecomunicacoes, a Brazilian telephone company, for 1.18 billion reais (\$1.02 billion), taking another step to increase its clout in Latin America. Telefonica beat a 1.03 billion reais bid by Banco Op-

portunity, a Brazilian money manager, Telefonica will pay the state government of Rio Grande do Sul 27 percent more than the 926.4 million reals minimum bid for the 50.12 percent voting stake in the phone company, which Telefonica manages thanks to a 35 percent stake it bought in 1996.

Media Giants Rush to Set Up Web 'Gateways' Dollar Falls Astra to Bu

revenue.

By Saul Hansell New York Times Service

NEW YORK - Embracing a prend that is rapidly reshaping the Internet, Walt Disney Co. is letting it be known that the Tomorrowland of cyberspace will be entered through a giant consumer gateway cobbled with the gadgets of interactive technologies and the proven lure of traditional media - news, sports, en-

tertainment and information. Following a trail blazed by America Online Inc. and Yahoo Inc., media and technology giants alike are rushing to construct these gateways, or "portals," through which people venture into cyber-space. The reason is simple economics: If they can control traffic, they can move more people past the billboards that line the information superhighway.

On Thursday, Disney announced a complex deal valued at about \$900 million in which it will buy 43 percent of Infoseek, a service that helps guide users to what they want on the World Wide Web. The announcement capped two weeks of fevered developments across media and technology industries that were too small to shake the financial markets but marked out a trend that was too significant to ignore.

Last week, General Electric Co.'s NBC unit struck a deal to take control of Snap, an opstart on-line directory service, for np to \$65 millioo in cash and more than \$100 million in free television promotions.

On Monday, it was reported AT&T Corp. had been negotiating to acquire America Online. On Tuesday, Microsoft Corp. opened a public test of its new portal, known as Start, which is expected to be in full operation by the end of the year.

In the meantime, Netscape Communications Corp. is busy shifting its focus from making browsers to operating a portal site, and media giants like Time Warper Inc. and News Corp. are looking to build or buy similar services.

While there are tens of thousands of commercial Web sites, most of handful that belp users find the information, services or entertainment that they are looking for. Since many people use these sites to start their treks through cyberspace, they are far and away the most popular places on the Internet. As a result, they have attracted the lion's share of advertising as well as investor interest.

America Online, which 18 months ago was drowning in busy signals and trate customers, has rebounded into the powerhouse of cy-

U. S. STOCK MARKET DIARY

Most Actives

berspace with 12 million paying cus-tomers, a market value of \$19 billion Moreover, as television, teleand the self assurance to rebuff AT&T's takeover offer last month.

Yahoo, the largest of the free, advertiser-supported portal services, attracts more than 70 million users a month and has a value of about \$6 billion, despite barely breaking even. As these sites grow rapidly in

market value and viewership - if not profits - many media companies are deciding that they need to buy one quickly, despite the high prices, before they become unaffordable. More than one media giant has expressed regret for not having bought America Online when it was much cheaper.

"The media companies are starting to wake up and realizing that the Internet has the reach of a mass medium," said Jonathan Nelson, chief executive of Organic, one of the tertainment for children.

obones and computers all converge into one integrated network of communications and entertainment, companies of all sorts see portals as a possible keystone to their future Buena Vista Internet Group. strategy. The power to funnel users to certain advertisers and content

"The search engines have become to the Internet what Windows is to the computer desktop," said Alec Ellison, a managing director of Broadview Associates, a technology investment banking firm.

sites is worth millions of dollars in

Disney's intention is to create a new Internet service that combines Infoseek with its existing offerings, which include Web sites for ABC television, ABC News, the ESPN sports network, Disoey's movies and a site of original Disney en-

breadth of Infoseek's search and directory service and the depth of Disney's news, sports, entertainment and family content," said Jake Winebaum, chairman of Disney's

Disney, like many other media companies, has been talking to a oumber of portal services over the last year. A few months ago, it was close to buying a part of Excite Inc., the No. 2 portal service, but the deal fell apart over the price, investment bankers said.

With the stock of the search services trading at stratospheric prices, big companies have been loath to buy them either with cash or their own, more conventionally valued shares.

Disney's deal gets around this problem by trading some of its own Internet ventures - at the high value such companies carry - for shares in Infoseek

since the strike began June 5

Microsoft shares led the Nasdaq

WorldCom shares rose 15/16 to

47 1/16. European Union sources

said regulators approved the com-pany's proposed \$42 billion pur-chase of MCI Communications.

Friday marks the quarterly triple-witching" expiration of op-

tions on commoo stocks and stock

indexes, and stock index futures.

which often makes for a volatile day

as traders buy or sell large blocks of

stock that they used to bedge their

and Apollo Management LP agreed

to buy the leaser of trailers and

freight containers for \$1.9 billion in

Texas Instruments rose, a day

after the company said it would sell its unprofitable memory-chip busi-

Xua shares soared after Interpool

MCI rose 1 15/16 to 561/2

derivatives positions.

stock and assumed debt.

an analyst at Goldman, Sachs raised

his fourth-quarter earnings estimate

On G-7 News

Bridge News NEW YORK - The dollar tumbled against the yen Friday amid expectations that Group of Seven deputy finance ministers would provide some fundamental backing for Wednesday's centralbank intervention when they meet

Saturday in Tokyo. Dealers said currency markets were beginning to take Japanese

FOREIGN EXCHANGE

promises of economic reform seriously following press reports Friday that Prime Minister Ryutaro Hashimoto had decided to impose permanent cuts in corporate and income taxes after the July 12 elections in Japan.

Moreover, dealers said there was speculation that the G-7 deputy ministers might announce a formal agreement to support the yeo as their meeting Saturday.

The U.S. deputy Treasury sec

retary, Lawrence Summers, met Friday with Japanese officials, including Finance Minister Hakarur Matsunaga, and all reaffirmed Japan would take speedy action to clear up bad loans held by Japanese banks and accelerate other reforms.

"U.S. officials should express further support for Japan, while urging the Japanese officials to int plement their promises," said Lish Finstrom, curreccy analyst at Sati lomon Smith Barney.

The dollar was qooted at 136.0500 yeo at 4 P.M., down from 137.835

yen Thursday. The magnitude of the dollar's fall? against the yen sent ripples through the other currencies as well.

The dollar fell to 1.7888 Dentsche marks from 1.7945 DM Thursday! despite the ongoing airmoil in Russes sia over possible emergency loans from the International Monetary Fund. Uncertainty in Russia, whose biggest trading partner is Germany? often weighs on the mark.

The dollar slipped slightly against the Swiss franc, easing to 1.4957 francs from 1.4970 francs. after talks broke between the World Jewish Congress and Switzerland's main banks on the amount offered to the plaintiffs in a U.S. class act. tion suit. The Swiss are accused of! obstructing access to accounts of Holocaust victims and their heirs:

The dollar fetched 5.9820 French francs, down from 6.0175 francs." The pound rose to \$1,6746 from \$1,6720.

Stocks Dive on Worries About Japan

NEW YORK - Stocks fell sharply Friday on concern that plans to fix Japan's ailing economy would not take effect soon enough to belp

S. corporate earnings. age closed down 100.14 points at way," 12.87, the second day of decline for the 30-stock index after slumping more than 200 points Wednesday. Declining issues led advancers money manager for Desai Capital Stock Exchange.

Broader market indicators were 1.100.65, but the Nasdaq composite index rose 8.59 points to 1,783.63.

Finance ministers from around and clean up its banking system in General Motors plants. GM

an effort to halt a recession that slumped 2 7/16 to 671/s; the shares threatens to damage economies have declined more than 8 percent worldwide.

U.S. investors are oot willing to send stocks higher until it is clear higher, rising 31/2 to 94 11/16 after that Japan's economic troubles are The Dow Jones industrial aver- being resolved "in a fundamental said Thomas Larsen, a on the software company.

U.S. STOCKS

a 4-to-3 ratio on the New York Management, which oversees about ock Exchange. \$1.2 billioo.

Cooper Industries was the biggest mixed. The Standard & Poor's 500- decliner in the S&P 500, dropping stock index fell 5.72 points to 71/4 to 56 after the maker of Champioo spark plugs and other anto parts said earnings were being burt by a slowdown of orders from Southeast the world are scheduled to meet this Asia, greater competition in domesweekend to press Japan to cut taxes tic markets and work stoppages at

of commercial Web sites, most of the attention is now focused on the bandful that beloweers find the in-

June 19, 1998

HOUSTON - Schlumberger Ltd., the largest company supplying drilling products and services to the oil industry, agreed Friday to buy Camco International Inc. for \$3.3 billion in stock and assumed debt, the latest acquisition in an industry being squeezed by its customers'

percent premium over Thursday's company rather than several.

THE STATE OF STATE OF

closing price. The New York-based company also will assume \$160 million in debt. Shareholders of Camco ness to Micron Technology, whose will get 1,18 shares of Schlumberger sbares for each of their shares.

Camco makes equipment that belps control oil flowing from a well. Schlumberger, a leader in belping find and evaluate wells, needs such products to lure customers who are Schlumberger will pay \$82.53 in negotiating lower prices by agreeing stock for each share of Camco, a 33 to buy oilfield services from one negotiating lower prices by agreeing

shares also rose. Bonds rose, rebounding from early losses, on comments by the U.S. treasury secretary, Robert Ru-

bin, that be saw no quick fix for Asia's ailing economies. The benchmark 30-year Treasury bond was up 14/32 at 106 15/32,

pushing the yield down to 5.67 per-cent from 5.70 percent.

INTERNATIONAL FUTURES

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Dec 78 525.00 521.00 524.00 +9.20 16.148
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AMEX

The 200 most traded stocks of the day, up to the closing on Wall Street.

Friday's 4 P.M. Close

NYSE

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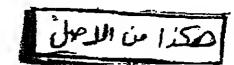
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> FORLD STOCK MATERIAL IS Finds, June 13

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Astra to Buy Merck's Half of U.S. Venture

STOCKHOLM - Astra AB said Friday it would buy Merck & Co.'s half of their U.S. sales venture for at least \$4.4 billion, paving the way for Sweden's biggest drugmaker to consider merging with a rival.
The buyout extricates Astra from

a requirement to sell its products in the United States through Merck. Astra makes Prilosec, an ulcer treatment that is the world's bestaselling prescription drug. Analysis Swedish company's profit in the world's biggest drug market.

"It is really good for Merck," say the arrangement crimps the

-said Nigel Keegan, an analyst with
-Daiwa Europe. "It is something
Astra had to do. They have got to emerge with somebody.

The companies said that the business of Astra Merck Inc. would be

combined with Astra's wholly could instead receive from \$675 Mogren, said three months ago the owned subsidiary Astra USA Inc. in a new U.S. limited partnership, named Astra Pharmaceuticals LP, over which Astra will have management control as the general partner.

Astra said the transaction would give it cost savings of \$100 million per year by 2000 and increase earn-

ings beginning that year.

Merck, maker of the chalesterol drugs Zocor and Mevacor, will receive revenue for at least 10 years based on Astra's current and future U.S. product sales. Merck agreed last month to sell its stake in a venture with DuPont Co. for \$2.6 billion, giving it cash to expand.

If Astra does merge or is acquired, Merck will continue to receive money under the agreement. Merck also would have the right to new Astra products after any merger, or

million to \$1.5 billion, Astra said. Merck said it expected the transaction to yield more revenue and income than it would have received

under the inint venture.

The cash buyout will be based on a multiple of the prior three-year average of pretax income received hy Merck for all products except Prilosec and perprazole, another ulcer drug, but will be on less than \$4.4 billion in 2008. Also, Astra will loan Merck \$1.4 billinn in eash at the end of the restructuring, scheduled for July 1.

The drug industry has seen a wave of consolidation in recent years as companies seek to maintain profits in the face of costcutting by government and private health insurers.

Astra's chief executive, Haakan

company was looking for a merger partner of a similar size, such as eneca Group PLC, Schering-Plough Corp. or Bayer AG. Analysts say a U.S. partner is

more likely, since Astra needs to bolster its presence in the United States, where drug sales are 38 percent of the worldwide total.
Astra Merck was formed in

November 1994, when Astra paid \$820 million to reclaim half of the rights to sell its drugs in the United States. Merck had acquired those rights for \$60 million in 1982, just

as Prilosee was enming to market. The announcement came as Swedish markets were closed for a national holiday. On Thursday, Astra A shares closed in Stockholm at 161.50 kronor (\$20.46), down 1.5.

(Bloomberg, Reuters)

Labor Attack Delays Sale of Fonian Bank

ATHENS - Furious union members protesting the privatization of lonian Bank of Greece SA disrupted a meeting called Friday to approve the bank's sale, breaking chairs, turning over tables and threatening officials.

-The protesters forced board members of Ionian's state-controlled parent, Commercial Bank of Greece SA, out of the room where shareholders were meeting and threw the Greek government into an urgent effort to have the sale approved as planned.

A government spokesman, Dimuris Reppas, said the government was seeking court clearance for a resumption of the meeting and vowed that nothing would put Greece off course to overhaul its ecunomy before joining the Econumic and Monetary Union of Euro-

ean Union mer ers. A small group of unionists is not course," he said. "Our prime target is to complete the policies that will lead to equal participation in EMU."

The privatization of Ionian is seen as a key element in the govern-



The chairman of Ionian Bank, Haris Stamatopoulos, receiving help on Friday in escaping an assault by union members. The government vowed it would go ahead with the bank's privatization, potential partners.

in 2001.

Unionists have been striking against the privatization since May 11. Employees of state entities in Greece enjoy near lifelong job se-

going to reverse the government's offered protection against Job losses following privatization, the unionists are demanding additional guarantees on social welfare benefits.

Hundreds of union members attending the meeting Friday were might's plans to prepare for joining angered by the refusal of bank of-

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the Economic and Monetary Union ficials to read and adopt a union statement on guarantees. The protesters stormed to the front of the meeting, sweeping papers and glasses off the podium, hurling come before the end of the year.

chairs and overturning tables.

AT&T is the biggest long-of-

They broke a mirror and tore the Although the government has suit of the Ionian Bank chairman. Haris Stamatopoulos. Union members also assaulted executives of Commercial Bank,

Bank officials were shoved out of the room, and witnesses said one bank employee had been slightly injured. (Reuters, Bloomberg)

Talk of AT&T Link Lifts BT's Shares

LONDON — British Telecom-munications PLC's shares rose Friday on reports that an alliance with AT&T Corp. was in the works, but analysts said they doubted such a deal was imminent.

BT shares dropped from a high of 720 pence, to close at 700 (\$11.72), up 7 pence from Thursday.

BT and AT&T declined to comment on reports that the chief exing to create a joint venture involving their extensive international assets.

BT, whose trans-Atlantic strategy was derailed after its bid for MCI Communications Corp. trumped last year, has said the United States remains a key preoccupation and that it is in talks with

But regulatory restrictions prevent BT from initiating any investment plans before the closure of MCl's proposed merger with its new partner, WorldCom Inc., which may not

AT&T is the biggest long-dis-tance carrier to the United States, the Analysts said a distribution agreement or any wider deal could meet opposition from regulators.

Every competition authority would want to be involved if any joint venture were announced between the companies, analysts said.

Duisenberg **Vows a Euro** Solid as Mark

Agence France-Presse

BONN — Europe's new chief central banker, Wirn Duisenberg, pledged Friday that the euro would build on the success of the mark as he spoke at a ceremony for the 50th anniversary of the German cur-

rency.

"It is certainly not an easy task to make the euro a currency as stable and respected worldwide as the Deutsche mark." Mr. Duisenberg said at Bonn's History Museum. which is running a show tracing the history of the mark since its creation June 20, 1948.

Mr. Duisenberg said the exec-utives of the European Central Bank, of which he is the first president, would "do all we can to reach this goal."

The German finance minister, Theo Waigel, praised Mr. Duisen-berg's making his speech in German as a sign that "the euro speaks German," an apparent reference to un-easiness in Germany over giving up a postwar money that has stood for

prosperity and sovereignty.
On its anniversary, the Deutsche mark is "showing its best side," said Hans Tietmeyer, the president of the Bundesbank.

Monetary stability has been widely achieved," he said. "There are no immediate dangers."

The anniversary celebrations come at an uneasy time. Germans have made no secret of their reluctance to drop the mark for the ecutives of the companies were seek-. euro, which they see as synonymous with inflation, unemployment and loss of buying power.

It was only as recently as May 15 that the proportion of Germans rejecting the euro fell below 50 percent, according to a poll by the economic daily Handelsblan.

For this reason, ceremonies such as the one in the History Museum and one in a church in Frankfurt on Saturday, at which Chancellor Helmut Kohl is to speak, have a poignant feeling of an uncertain future taking over from a reassuring past.

Mr. Duisenberg stressed that the European bank would be contance carrier to the United States, the sciously following in the footsteps world's biggest telecom market, of the Bundesbank.

And Mr. Waigel added: "Germany is not losing the Deutsche mark but gaining a stable currency of a huge domestic market. It is a good future for us for whom the success of the mark has smoothed

Investor's Europe Frenkfurt FTSE 100 Index CAC 40 5750 -Change 1,161.09 -0.71 Amaterdam AEX 1,152,88 3,343,10 3,329.74 +0.40 Brussels **BEL-20** Frankfurt 5,702.61 5,718.06 -0.27 DAX 738.23 -0.86 Copenhagen Stock Market 731.88 Helsinki HEX General 4,699.09 Closed 568.09 663.69 5,748.10 5,812.10 -1.10 London FTSE 100 854.76 +0.11 855.71 Stock Exchange MIBTEL 23167 -1.68 4,027,32 4,052.27 -0.62 Stockholm Closed 4,037.09 SX 16 1,481.41 1,483.47 -0.14 Vienna ATX 4,725.70 4,706.73 +0.40 SPI

Very briefly:

 Banco Bilbao Vizcaya SA, Spain's second-largest bank, will spend \$350 million to buy a controlling stake in Chile's Banco BHIF as it shifts its Laun American expansion to the southern part of the continent.

 Union Bank of Switzerland is considering selling PDFM Ltd., Britain's fifth-largest fund manager, as it reviews its businesses ahead of its merger with Swiss Bank Corp.

 LM Ericsson AB confirmed that it was in negotiations to buy mid-sized U.S. data-networking companies, joining other makers of telecommunications equipment that are seeking ties

with networkers. • Endesa S.A. Spain's biggest power company, said it would not bave to sell new shares to finance 1.2 trillion pesetas (\$7.92 billion) in investments planned for the next five years and would maintain 'double-digit' growth in earnings per share. • The Czech Republic's real gross domestic product con-

tracted in the first quarter by 0.9 percent from the like period in 1997 as government austerity measures took effect. • Sleepy Kids PLC, the company that produces the animated television version of the Duchess of York's children's book Budgie the Little Helicopter, said it was in talks to merge with another company that it did not identify after efforts to raise money failed. It reported a loss of £385,468 (\$645,273)

for 1997, compared with a profit of £292,098 in the 14 months ended Dec. 31, 1996. · Airbus Industrie will sell up to 76 single-aisle jets to Iberia Lineas Aereas de Espana SA, Spain's largest airline, in what the European consortium said was its largest-ever order

placed by a European currier two price was disclosed. Meteor Mobile Communications, an Irish-American consortium, won a bid for Ireland's third mobile-telephone license, the Office of the Director of Telecommunications Regulations said.

· South Africa's daily repurchase rate was raised 338 basis points, to 20,377 percent, as the central bank squeezed liquidity in the money markets. Bloomberg, Reviers, AP

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WORLD STOCK MARKETS

Copenhagen

Friday, June 19

High Law Close Prev.

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Stocks stumbled Friday across Asia after strong gains the previous day, as investors turned their attention back to the long-term ontlook for the yen and the region's economies.

Several major bourses closed lower as the impact of Tokyo and Washington's joint inter-vention Wednesday to support the veo wore off.

In Manila, shares slid 4.75 percent, with the PSE index closing at 1,741.71, while the Bangkok stock market's SET index fell 3.67 percent, to 284.32, as investors sold bank

and finance stocks heavily. Tokyo's key Nikkei 225 index ended down 0.61 percent, at 15.267.98. The market was rattled by speculation that Long-Term Credit Bank of Japan Ltd. might merge or was facing dif-

ficulties restructuring. In Seoul, the Composite Index fell 3.76 percent, to 313,26. as investors considered a list of 55 companies that were singled oot hy government authorities as unviable on Thursday.

But Hong Kong's Hang Seng index closed up 0.89 perceot, at

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Investors in the territory "are getting a little bit more confident that the worst of the yen may be behind," said Kent Rossiter, institutional sales manager at Nikko Securities in

Hong Kong. Indooesia's benchmark stock index, the Jakarta Stock Exchange Composite Index, fell 3.3 percent, to 425,45, at the close despite an announcement that the government and the International Monetary Fund had agreed on a revised framework

for the annual budget of the ecocomically shattered nation. Ginandjar Kartasasmita, coordinating minister for the economy, finance and industry, said that Indonesia and the Fund would announce the terms

of the budget next week. (Reuters, AP, Bloomberg)

The Rise and Fall of a Malaysian Golden Boy

By T.H. Chan

KUALA LUMPUR - Twelve short months ago, Soh Chee Weo, a Malaysian politician and business-

man, seemed uniouchable. He led a branch of Malaysia's second-largest poliocal party and counted the party president's eldest son as his closest business partner. His corporate empire, including shipbuilding, power companies and stock brokerages, stretched from Kazakh-

stan to the Philippines and China. Today, though, the one-time golden boy of Malaysia's stock market is under siege. His political allies have abandoned him and his grand business plans have unraveled. He is also under investigatinn by the country's securities regulators and at the center of articles that he pulled

a gun oo a former business partner. 'In a crash like this, it is the socalled high-profile deal-makers who become the fall guys," Mr. Soh said

in a phone interview. Once one of Malaysia's most acove stock market players, Mr. Soh says he is being made a scapegoat for the devastation in Malaysia's stock market, which has left its brokerage industry in shambles. Malaysia's key stock index has lost 73 percent in dollar terms in the last year.

BEIJING — China's banking system remains "criocally weak"

with the financial crisis at the big

four state-owned banks set to deepen

as more nimble commercial rivals

lure away their customers, Moody's

said that poor statistics and corrup-

tion meant the true financial health of

Chinese banks "remains impossible

for anyone to measure accurately."

China's hanking problems may soon be compounded by an interest

rate cut that would reduce profit

margins, Many companies are clam-

oring for a cut in lending rates to

stimulate economic growth and pre-

vent the kind of surge in unem-

ployment that is wreaking havoc

across moch of Asia.

The U.S. credit-rating company

Investors Service Inc. said Friday.

said Hinson Ng, senior portfolio manager at Credit Suisse Portfolio Management Ltd. in Singapore, "It

was the story of Asia writ large. The Soh case has also focused attention on Malaysia's securities

"His meteoric rise was a reflection involvement was limited to bringing stood to benefit" from the Omega nf how things went on in Malaysia," buyers and sellers of stakes in the deal.

company together. lowed an inquiry by the Kuala Lum-

'In a crash like this, it is the so-called high-profile

regulators, who, after years of being criocized for being ineffectual, are under pressure to stamp out market manipulation and reassert corporate

governance in the stock market. The Securities Commission is invesogating whether Mr. Soh used nominees to gain control of Omega Securioes, violating a Malaysian

out government approval.
Mr. Sob controls Halim Securities through Uniphoenix Corporation Bhd. and runs Alor Setar Securities through Kelanamas Industries Bhd., of which he is managing director. Halim has halted trading activities, and trading curbs

have been imposed on Alor Setar, Mr. Son denies owning any

Moody's Calls Chinese Bank System 'Weak'

eroding their remaining profit

credit strength of the large banks, already seriously undermined by

overwhelming amounts of long-de-linquent loans," Moody's said.

China's protected hanking sys-tem has so far allowed the country to

avoid much of the financial turmoil

suffered by many of its neighbors.

But with payments overduc on some

25 percent of loans, China's bank-

ing system remains among the

With China's growth at about 7

percent or less in the second quarter,

the lowest quarterly figure since

1991, many companies are losing

money, hurting the ability of banks

weakest in the region.

pur Stock Exchange in January, which asked all brokerages to detail

The investigation of the firm folthe extent of their exposure to Mr.

deal-makers who become the fall guys.'

shares in Omega, saying that his to look at the bigger issue like who

banks might make the "long-over-due reform of the state hanks that cialist at the Brookings Institution,

much more costly and difficult" hy estimates that China's nonperform-

law that forbids anyone from own-ing more than one brokerage with-

Son's personal stock holdings.

"That really killed me," said Mr. Soh, whose debts are reported to top l hillion ringgit (\$250 million). When the news got out, he said, 'banks withdrew my credit lines." "Everything was pulled out from

me until it became perversely amosing," he said

Like many of his once high-flying
peers, Mr. Soh has seen his forumes plunge over the last year amid Malaysia's worst economic slump in 13 years and a stock market melidown. Mr. Soh said he had cooperated fully with the Securities Commis-

sioo but is upset, saying he feels he is being singled out. 'There shouldn't be any attempt to cover anyone else's involvement at my expense," he said. "You have

ing loans could amount to 2,25 tril-

The bulk of the bad loans are held

hy the four higgest banks: Industrial

& Commercial Bank of China, China

"While the banking system re-

Moody's reserved some of its

gloomiest comments for the state-

mains critically weak, further de-velopment of the Chinese economy

will be hindered," Moody's said,

and Agricultural Bank of China.

29 percent of all loans.

Such comments are being interpreted to mean that Mr. Soh, given his political and business links, may be ready to disclose embarrassing details of some of Malaysia's higgest corporate transactions, ana-

"In the past people would keep it to themselves," said Chong Yoon Chou, who helps manage \$1.8 hillion at Aberdeen Asset Management Asia Ltd. in Singapore. "Now it

seems to be different. Mr. Son recently filed a report with the police to ensure that the investigation would be carried out in what he called a "fair and impartial manner." While the report named a prominent businessman, Mr. Soh

denied that he planned to expose any-one "or shift any blame to others." Mr. Soh's story also demonstrates how Asia's turmoil and stock market slump are worsening strains among prominent business associates in Malaysia. As corporate transactions fail and the business of making moncy diminishes, it's everyone

for himself, he said. "I'm disappointed," he said "In good times, everyone wants the glory and rewards and they go on self-promotion hinges. In bad times, they turn around and say they don't

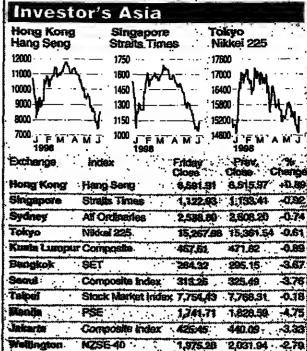
Two weeks ago, Transport Min-ister Ling Liong Sik ordered Mr. Soh to surrender all his political posts in the Malaysian Chinese Association,

the second largest political party. His demand followed a hitter dispute between Mr. Soh and Mr. Ling's son, Ling Hee Leong. At one point in the dispute, Mr. Soh was sources. "It also further reduces the lion yuan (\$271.74 hillion), about said to have pulled a gun and threatened Mr. Ling. Mr. Soh denied

the charge.

"I don't own a gun and I don't have any bodyguards," he said. Mr. Ling declined to comment. The younger Ling, through his Rekapacific Bhd., is owner of Promet Construction Bank, Bank of China Bhd., an engineering group that is managed by Mr. Soh. Mr. Soh had hoped that Promet would become his flagship company to secure engineer-ing and construction projects in Asia.

owned international trust and invest-But the company posted a loss of 167.3 million ringgit, or 31.6 sen a share, for the 16 mooths ended April ment companies, which it said were being "marginalized" by tighter financial controls, noting that banks 30, after it set aside money for losses have been banned from lending to trust companies since June 1997. in the value of stock investments and a power project.



حكذا من الاعلى

• Sharp Corp., the world's largest maker of liquid-crystal display screens, said it expected Japanese LCD-makers' domestic sales to he 10 percent greater than it previously

Sensitive Index

 Sony Corp. plans to reduce output of static random-access memory chips by 90 percent this husiness year by halting production at a U.S. plant in Texas, Japan's Kyodo news

The Tokyo Stock Exchange suspended trading in shares of Long-Term Credit Bank of Japan Ltd. after a downgrade by Moody's Investors Services Inc. sparked frantic selling. The exchange also halted trading of Nippon Credit Bank

Germany, France, Italy and Bahrain under the control of its London-hased subsidiary Daiwa Europe Ltd. by March.

YEN: Japan Reported to Plan a Merger to Rescue 2 Major Banks

Moody's said the rise of new to recover loans.

Bill Clinton said that Prime the reports of a possible merhad pledged to carry out ecothat he was unsure whether fore July parliamentary elections, Reuters reported.

("I'm not m a position to investors and analysts have know whether they can do long claimed that Japan has that," Mr. Clinton said of the too many hanks, and they timetable. But he said Mr. Hahave argued that some should shimoto had pledged in a tele- disappear either through merphone call to act in a 'timely ger, acquisition or closure.

the bad debt problem, Mr. the reforms before the July 12 Kato said, as quoted by Kyelections.

On Friday, the financial suspended. Nippon Credit ing in ing in Kato said, as quoted by Ky- elections.

Minister Ryutaro Hashimoto ger betweeo Long-Term had pledged to carry out eco- Credit and Nippon Credit as a nomic reforms quickly, but sign that mergers may be in the works to speed up the dis-Mr. Hashimoto could act be- posal of bad loans and nudge along greater consolidation in the banking industry. Foreign

On Thursday, Moody's Investors Service lowered the ratings on Long-Term Credit's subordinated debt to B1 from Bal.

The share prices of both banks have taken a beating over the last couple of weeks. and investors have not forgotten the financial turmoil last November, when four financial institutions collapsed. In November, Hokkaido Takushoku Bank, another of Ja-Investors have been worpan's largest banks, at first

Continued from Page 1

[Mr. Clinton said he had told Mr. Hashimoto, "The Minister Hikaru Matsunaga as "very good."

[Mr. Clinton said he had told Mr. Hashimoto, "The United States wants to support the Japanese economic culty in paying off some of its der, amid a liquidity - Koichi Kato, secretarygeneral of the Liberal Democratic Party, told Mr. Summers that the Liberal Demowork unless there was a semers that the Liberal Demowork unless there was a semers that the Liberal Demomers that the Liberal Demowork unless there was a semers that the Liberal Demowork unless there was a semers that the Liberal Demowork unless there was a semers that the Liberal Demowork unless there was a semers that the Liberal Demomers that the Liberal Demomer

that would help absorb the husiness of failed institutions. Such a bank would be closely watching the bad debt problem has a major step toward solving the bad debt problem has a major step to

"They are oot participating in the market." he said. "But we cannot say why." A spokesman at Long-Term Credit said that the hank's day-to-day mocey opcrations have been normal.

In the past few weeks, leaders in the Liberal Democratic Party have mentioned the possibility that another large bank could fail. Japan's banks are burdened

by more than \$600 billion in bad and doubtful debt, and officials say that cleaning up

Seoul to Decide

SEOUL - South Korea said Friday it would force several banks to merge or shot down early next month, aiming to fend off criticism that the government is backing away from its pledge to overhaul its

Twelve banks that failed to meet internationally accepted capital standards last year are being evaluated by the Financial Supervisory Commission to determine their future. If restructuring plans submitted

by the banks fail to pass muster, the commission said it would push them out of business in early July by trans-ferring their assets and liabilities to

South Korea's hid to emerge from its first recession in 18 years. The government said last month it would have to write off 100 trillion won (about \$72 hillion) of bad loans and take stakes in banks that cannot attract outside capital. Also on Friday, President Kim

the yen is destined to fail."

Friday. The 9 percent loss in just four trading days hurned traders who had been betting on continuing yen weakness.

threat that central banks could continue to intervene will keep the yen from tumbling immediately, Mr. Persaud said. But by end-July he sees the dollar back up to 147 yen and then to 155 yeo hy September.

The risk of a devaluation by China exacerbating tensions throughout Asia
— will remain high, said Mr. Persaud, and will continue to destabilize markets. 'The earthquake we have seen run-

ning through global financial markets with its epicenter in the dollar/ change rate will recur," he said. Morgan, he added, expects China to avoid a devaluation. "But the risks will rise sharply and will undermine Asian markets, all commodities markets and commodity-linked currencies such as the Australian dollar," he said.

■ Rubin Sees No Quick Solution

Mr. Rubin, in a CBS television interview to be aired Sunday, said he saw no quick fix for Asia's ailing economies, Bloomberg News reported Friday from Washington.

Asked about the outlook for Asia, Mr. Rubin said, "I don't think it's going to repair itself quickly."

He added: "It's going to take real time

and it's not going to be easy because you're dealing with such fundamental issues in each of these economies and you're dealing with rebuilding confidence, and the difficulty is compounded by the fact that it's happening in more

Moody's Slashes India's Rating

investment grade to junk. The ratings outlook for the first time since 1991.

المنطقة تاين country is stable, Moody's said. India's government does not have any foreign currency-denominated bonds in its own name. That means the ratings cut will affect the credit of bonds issued by entities based in India that previously were rated higher than the revised country ceiling of "Ba2."
Economic sanctions im-

posed by the United States and other countries in the wake of India's noclear tests "are likely to hamper efforts to overcome severe infra-Moody's said.

"These circumstances exacerbate concerns about whether growth of the econ-omy and of exports can be sufficiently stimulated to reverse the recent weak performance of the external sector and government finances,' said the ratings company.

Moody's also cut the coun-

try's foreign-currency ceiling for short-term debt to "Not for short-term a "Prime-3" rating. In addition, a first-time rating of "Ba2/Not Prime" was assigned to the government's rupee-denomtoated debt

Moody's said it had become more difficult for India

NEW YORK — India's lems amid political divisions foreign-currency debt rating was cut two notches to "Ba2" in the country. In turn, dwinding confidence among forwas cut two notches to 'Ba2' ling confidence among for-Friday by Moody's Investors eign investors has led to a Service Inc., taking it from withdrawal of capital from India in recent months for the

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NOTICE OF ANNUAL GENERAL MEETING

Notice is burnby given for the Annual General Meeting of the Shareholders of Fidelity Far East Pand, a Société d'investissement à Capital Variable organised under the laws of the Grand Duchy of Luxembourg ("Company"), will be held at the registered office of the Company, Kamadia House, Place de l'Etoile, Luxembourg, et 11.00 a.m. on June 30, 1998, specifically, but without limitation, for the following purposes:

neurion of the Report of the Board of Directors

Presentation of the Report of the Auditor

Approval of the balance sheet and incotone statement for the fiscal year ended February 28, 1996

Discharge of the Board of Directors and the Auditor

Discharge of the Board of Directors and the Auditor

Blection of five (5) Directors, specifically the re-election of Messun. Edward C. Johnson 3d, Barry R.J. Bateman, Charles

A. Fraser, Jean Bernilius and Helmert Frans van den Hovez and the acknowledgement that the sent of Mr Charles T.M.

Cours remains vacuum. Election of the Anditor, specifically the election of Coopers & Lybrand S.C., Lovern Declaration of a cash divisiend in respect of the fiscal year ended February 28, 1998

Approval of items 1 through 8 of the agenda will require the affirmative vote of a unjointy of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a quorum to be present. Subject to the limitations imposed by the Articles of Incorporation of the Company with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A Shareholder may act at any Meeting by proxy.

Dated: May 15, 1998 By order of the Board of Directors



Fate of 12 Banks Bloomberg News

crumbling financial system.

rival banks or forcing mergers. Banking reform is central to

Dae Jung ordered further corporate reforms to overhaul the country's companies.

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"Mr. Clipton has put the Treasury in a terrible position," she said. "The United States has delivered what it has to offer, but Japan has nothing new to offer."

Mr. Persaud said, "So long as the Bank of Japan has a hias to ease monetary policy and further lower interest rates, and so long as the Federal Reserve has a hias to tighten policy and oudge up interest rates, intervendon to streogthen

hut said that fear of intervention would

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Very briefly:

estimated in the year through March 1999. Sharp raised its forecast to 1.1 trillion yea (\$8 billion) from 1 trillion yea, up 22 perceot from the year ended March 31.

• Philippine Airlines Inc., which is in a financial tailspin from mounting losses and a crippling pilots' strike, said its creditors have agreed to reschedule payments on \$2.1 hillion

Ltd. following a report the government is considering merging it with Long-Term Credit Bank. Mitsuhishi Motors Corp. had its credit rating lowered to double-B from triple-B by Standard & Poor's Corp., the rating

Daiwa Securities Co. said it would place its subsidiaries in

• The U.S. trade representative, Charlene Barshefsky, held talks in Beijing with her Chinese counterparts in an effort to andge China to improve its offer to enter the World Trade Organization, the U.S. Embassy said. Bloomberg, Remers, AP

remain acute until Mr. Clinton had re-Continued from Page 1 turned from his visit to China.

JAPAN: No Quid Pro Quo for Intervention

The intervention Tuesday, after repeated assertions from Mr. Rubin that the yen's weakness was a problem that only the Japanese could resolve, drove the dollar down from an eight-year high of 146.78 yen to a low of 133.69 yen on

That heavy loss plus the continued

Ms. Malmgren predicted that on Monday markets would be disappointed at the absence of details on new Japanese initiatives to revive the economy

than one country at the same time."

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Asset Allocation

Ma G3 Portfolio

Deflated Hawaiian Real Estate Awaits Buyers at Pre-'90s Prices

By Miki Tanikawa

THE Japanese bubble economy expanded in the late 1980s, it took Hawaiian real estate with it, pricing local residents and mainland investors out of the market. Now the pendulum is swinging back across the Pacific, and American bargain-hunters are finding values in residential and vacation properties that have fallen to prices not seen in nearly a decade.

According to data compiled by the Honolulu Board of Realtors, an Oahu realestate agents' association, median sales prices for single-family homes in Oahu have shed 21.6 percent of their values from the 1990 peak, while condominiums are down 27.5 percent from their pinnacle.

Buyers who have been holding off have begun to buy." said Linda Marn, chairman of the Honolulu Board of Realtors. "Investors are feeling confident that those selling in the market are priced right.'

While statistics show no evidence that the market has established a bottom, analysts said that an increase in transactions is a good sign that residential prices do not have much further to fall. For the past 11 months, trading in residential properties in Oahn has grown, compared with the level recorded a year earlier. Sales of single-family homes are up nearly 40 percent so far in 1998.

The Honolulu agents said the median sales price of an Oahu condo was \$135,000 in May, while a single-family home would go for \$295,000. At the height of the market in the first half of 1990, a condo went for \$179,000 and a bouse fetched \$339,000.

Those are averages for the island, where prices vary according to location, age and size. Harvey Shapiro, research chief at the Board of Realtors, said a "nice, two-bedroom condo near Walkiki" would cost \$200,000 to \$225,000. A three-bedroom house near Honolulu would cost \$350,000 to \$400,000, while one within a one-hour commute from the west side of the island would be \$250,000 to \$300,000, he said.



Shapiro said. "We are seeing that in the sales volume." He added that a rise in sales activity often precedes a price recovery.

Another classic pattern was observed by Michael Sklarz, director of research at Prudential Locations in Honolulu, who said

Head began to firm up first, before causing other areas to stabilize. He said expensive properties had posted the most biggest falls, losing as much as balf their value from the market peak.

Lagging Behind the Mainland Shares prices in dollars

A luxurious three-bedroom Diamond

"The market is turning around," Mr. Head house, with a swimming pool and a spectacular ocean view, is now selling for \$4.2 million, but would have sold for \$6 million to \$8 million in the

early 1990s, according to a property specialist at Coldwell Banker Pacific Properties, The specialist also cited the example of an oceanfront home in Kahala properties in desirable locations that sold for \$3.85 million in such as Kahala Point and Diamond February, a dramatic fall from its price \$12.25 million in 1988.

The revival is minuscule in comparison to the high-profile wave of Japanese investment in the late 1980s, driven at first by locals who had stayed on the sidelines. Now, however, mainland investors are

providing a new impetus, analysts said. Mainland investors are particularly active on the Big Island of Hawaii and Maui Island. Paul Brewbaker, vice president and

senior economist at the Bank of Hawaii, said the new momentum delivered by the mainlanders could be sufficient to replace departing Japanese owners.

Mr. Sklarz said Hawaii represented 'an excellent value for investors," especially for Americans looking for va-

stock-market investments appreciate, "Whatever equity they had three years ago has hy now doubled," he coted. Herbert Conley, managing director of

cation homes and who have seen their

Coldwell Banker, a major local res-

ideotial real estate agent, said, "Many people who did well in the equity side of investment are taking advantage of the current market to buy their dream

homes or their move-up homes." Another draw for American investors is low interest rates on mortgages. A 30-year fixed-rate mortgage with a 20 percent down payment can now be had for just over 7 percent, down from more than 10 percent in the early '90s. Adjustable-rate mortgages are available in the 6 percent range. Mr. Conley advised investors to look at waterfront properties,

"There will be more investors looking for those when selling," he said. Invest-ments could range from a \$100,000 condo in the Waikiki and Gold Coast areas to luxury properties in the millions.

Prospects for commercial real estate markets appear less certain. Andrew Fried. lander, chief executive of Colliers Monroe Friedlander, Hawaii's largest commercial real estate brokerage, said that prices for prime commercial properties would contime to fall because of sluggish business activities, reflecting a weak economy that he does not expect to improve soon.

Mr. Sklarz estimated that commercial properties had dropped 50 to 75 percent from their peaks. A Waikiki hotel that once fetched \$380 million recently sold for just \$40 million, Mr. Sklarz said.

In this distressed environment, American real estate investment trusts or RE. ITs, which are essentially mutual funds that invest in properties and mortgages, are raising their profiles in Hawaii. This is similar to the scene in Tokyo, where REITs bope to land deals with Japanese property owners who are struggling to tidy up their balance sheets.

The vulture funds that are in Japan. many of them are here also, Mr. Friedlander said. "But our market is not as

While some analysts said the anival of the REITs was evidence that Hawaii's market was poised for a turnaround, others, including Mr. Friedlander, coted that Hawaii was merely a tiny piece—the last remaining one in the United States that is depreciating— that fits into a larger REIT program of expanding the industry's portfolios. Also, the trading in the commercial

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domain is too thin to clearly determine the direction of the market, analysts said.

For investors on the residential side, on the other hand, growing trading activities are cause for comfort.
Sales are picking up because "prices

have come down so much that people who thought they could never afford them can now buy," said Mr. Conley of Coldwell Banker.

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The Value of Reaping the Sea's Riches

With Algae Products, Cyanotech Profits From Hawaii's Marine Habitat

AWAII'S BUSINESS environmeot is stifling these days. but there is at least one company that investors might find worth some analysis. It is Cyanotech Corp., one of the few companies that successfully leverages its location in Hawaii to compete internationally.

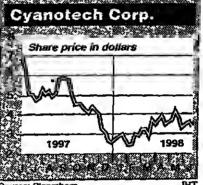
Cyanotech makes use of the island's gifts in mass farming microalgae, a marine biological organism whose extracts are used to make a range of natural products. Its flagship product is called Spirulina Pacifica, a nutritional supplement meant to provide increased energy

and natural anti-oxidants. While Spirulina is produced by other manufacturers. "Cyanotecb is head and shoulders above others" in producing the substance, said Colin Watanabe. branch manager of National Securities

Corp. in Honolulu. Walter Ramsley, portfolio manager Walrus Partners, which is based in Holliston, Massachusetts, concurred.

This is born out, he said, by anecdotal evidence from consumers and the more tangible proof that Cyanotech can charge more per bottle than its competitors. The company's geographic location in Hawaii accords it several unique advantages in producing algae-derived materials such as Spirulina. Mr.

Watanabe said.



Hawaiian producer a consistent, yearround growing season. Hawaii also provides a pristine environment for the cultivation of microalgae.

Value investors take note: The company's stock tumbled from \$4.375 in April to the current price of \$3.50 after its direct-marketing distributor in China, where Cyanotech had approximately 50 percent of its husiness, practically became unable to operate under a

new local regulation. Until then, Cyanotech's profit margin was a whopping '40 cents to the dol-lar," Mr. Ramsley said.

That is "the level it could return to."

and outside of China, he added.

The company also is betting on a newly commercialized product called] [[] [] [] astaxanthin. The material is a red pigmeet used primarily in the a industry to impart color to the flesh of pen-raised fish such as salmon and shrimp, raising the commercial value of the marine animals significantly. These fish acquire the red pigment naturally when growing wild but come out paler when raised in artificial environments.

An artificial versioo of astaxanthin is already successfully commercialized by Roche Holding AG, the Swiss pharmaceutical producer, which monopolizes what is estimated to be a \$150 million-a-year market.

Mr. Watanabe said the natural astaxanthin could potentially replace the synthetic version because it poses no health hazards and is absorbed more quickly by fish than the artificial one. About 30 customers recently conducted field trials and all reported favorable results, Mr. Ramsley said.

Analysts said that Cyanorech stands to benefit enormously if the market opens in a country like Japan, where the aquaculture industry is expanding rapidly and where approval for natural astaxanthin from the health anthonics is

— MIKI TANIKAWA

Asian Fallout Taints 'Silicon Paradise'

By Miki Tanikawa

HE ILL WIND emanating from the Japanese recession is blowing especially hard in Hawaii, where about the only good news for investors is that vacation-property values have tumbled to levels not seen since the late 1980s.

But if you do not want to buy a condo in Hawaii, you probably do not want to buy anything. Hawaii's corporate sector has staggered under averse economic conditions brought on by declining tourist spending and investments from Asia. Observers also blame Hawaii's inhospitable business environment, which, they said, often fails to reward entrepreneurial efforts.

Given the cyclical and structural issues facing the islands, few ecocomists spoke of an immediate rebound, and analysts remain generally bearish on most Hawaii-based investments.

A dozen or so Hawaii-based companies trade on the New York Stock Exchange and Nasdaq, ranging from ag-ricultural concerns to trading companies to relatively new technology companies. But they hold little interest for institutional investors such as Gregg Robertson, president of Cadinha & Co., an investment counsel firm based in Honolulu.

Mr. Robertson's company focuses on big companies that can offer profit growth in the 12-to-15 percent range.
"If you look at Hawaiian firms," he

said, "you don't see such strong growth characteristics. We are forced, if you will, not to select any Hawaiian companies."

Part of the weak performance of the local companies, Mr. Robertson said, was a function of the economy, which Bank of Hawaii has predicted would not grow this year. The end of the Japanese investment bubble in the early 1990s and the loss during the Gulf War of a large military contingent in the Kaneohe Marine base, upon which a significant part of local retail business depended, 'finished up the economy completely,' he said.

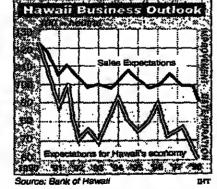
Making matters worse is a drop in tourism, reflecting the Asian economic crisis. Tourism accounts for about 60 percent of Hawaii's jobs; the bulk of the

tourists traditionally come from Japan. Tourism revenue is expected to account for 27.8 percent of Hawaii's approximately \$33.8 billion gross state product this year, according to the World Travel & Tourism Council in London. The group said this was below the historical level of 32.2 percent, meaning

tourism revenue is falling in a stagnant economy. But the group expects a re-covery in coming years, in part because of a new convention center near Waikiki.

The effects of the tourism slump are widespread. Hawaii's unemployment rate averaged 6.4 percent in 1997, well above the national rate of 4.9 percent. Investors who bought shares in Hawaiian Airlines in 1995, when it resumed trading after a 1993 bankruptcy protection filing, saw their stock fall from more than \$7 to Friday's price of \$2.60 as the carrier cut prices to lure mainland U.S. travelers.

Several years ago, Mr. Robertson's fund gave up positions in local banking companies, such as First Hawaiian Bank and Pacific Century Financial



Corp., parent of Bank of Hawaii. Shares in those companies show a strong cor-

relation with the Hawaiian economy.

First Hawaiian, however, got a lift last month when Banque Nationale de Paris swapped assets for a 45 percent stake, and its shares have had a total return of more than 8 percent in the last year, well below the 25 percent or so that investors could have obtained from the broad U.S. market, but at least a positive number. The bank has operations on the West Coast as well as in Hawaii. Pacific Century, which has operations throughout the Asia-Pacific region, has returned about 5 percent to

shareholders in the past year. Another traditional player whose for-tune is tied to the Hawaiian economy is Alexander & Baldwin Inc., a transportation, real estate, and food products conglomerate that focuses on some basic items in the local economy. Its ocean trans-portation unit carries freight between the mainland's Pacific Coast and Hawaijan ports, and the food products division grows sugarcane and coffee in Hawaii. The com-

pany has returned 9 percent over the past year, earning lukewarm hold recommendations from two analysts who follow it.

While exhibiting little growth potential, agricultural companies such as Mauna Loa Macadamia Partners L.P. and Maui Land & Pincapple Co. represent attractive values. Despite its rich cash position, with plenty of land holdings fit for development, Maui Land has lost its competitive strength to other fruit-growing countries. such as Cuba and the Philippines, because of soaring wages and shipping costs, said Colin Waranabe, branch manager at Nadonal Securities in Hawaii.

Mauna Loa Macadamia Partners, op-erator of macadamia orchards on the island of Hawaii, is another value play. Its book value is about \$8 a sbare, while the stock was trading at \$3.30 on Friday. To close that gap, the company has proposed to shareholders to merge with C. Brewer Homes Inc., a Hawaii company engaged in home huilding and land

sales. The idea is to shelter Manna Loa from such swing factors as falling nut prices, diseases and drought.

Aside from the economic trials, Hawaii finds itself in another bind. The Aloha State, known for its hospitality and inviting climate, often proves uninviting to aspiring industrialists who seek a regulation-free, low-cost business environment. This despite government efforts to lure high-tech start-ups to what it would like to be known as "Silicon Paradise."

The state government levies what is knowo as general excise tax, which applies to all transactions, from the product originator through to the coosumer. Hawaii also imposes costly welfare requirements upon employers.

"It's an inhibiting factor that, in bad times, when people are trying to protect their profit margin, begins to show up," Mr. Robertson said.

The flight of Verifone Inc. from Hawaii serves as a telling example of the islands' problem. Verifone, developer of a credit-card readout system used in cash registers, led the world's electronic verification technology and traded on the Nasdaq market. But the company migrated to Redwood

City, California, to benefit from better access to broader labor pools, proximity to customers and vendors, and a general pro-business environment. Last year, it was acquired by Hewlett-Packard Co. For further information:

BANK IN-HAWAR offers adormation about Hawari's economy at its Web site, warm, both com
 THE HAWARI TOLKISM study is available on the Web at

if the company is successful in its at-The tropical climate gives the tempts to acquire new customers inside Knowing When to Close a Fat Fund

By Carole Gould

UTUAL FUNDS are closing their doors to new investors at a record rate this year. But according to a report issued by the Kobren Insight Group, many more of them should be slamming their doors.

Kobren Insight, an investment man-agement firm in Wellesley Hills, Massachusetts, lists 11 U.S. funds that it said should be closed to new investors.

The reasons cited in the report run the gamut from a fund's ability to maneuver quickly to over-diversification. What is surprising is the number of high-performance, high-profile funds that make the list, among them Janus, Vanguard Windsor II, Fidelity Equity-

funds have grown very large, and their size may begin to have an impact on their performance," said Edward R. Goldfarb, portfolio strategist for Kobren Insight

from sponsors closing the fund and focusing on maximizing the return on

Income and Mutual Discovery.
"Our research suggests that many

'None of these are panic sells," he said, "hut shareholders would benefit

Fund companies are often loath to close even those funds that have swollen asset bases because the fees they receive are figured as a percentage of assets under management. The

larger the fund, the higger the fund company's pay check. Indeed, not one fund company plans to close a fund named on Kobren In-

That is not to say that some of these funds are not still performing well. In fact, several are rated "strong buys" in Kobren Insight's investment newsletters. But given a good alternative, Mr. Goldfarb said, Kobren Insight will

over one of these behemoths. For example, Fidelity Equity-Income bolds \$24.8 billion in assets as of May 31, but its performance remains strong and Kobren Insight rates it a 'strong buy," its highest rating. Nevertheless, Goldfarb recom-

always recommend a smaller fund

mends Warburg Pincus Growth and Income for investors looking for a solid growth and income offering. Warburg Pincus bolds less than \$1

billion, which gives manager Brian S. Posner, who used to manage Fidelity Equity-Income II, opportunities that the Fidelity fund is just too large to rab. The strategies are similar, although the Warburg fund is slightly more value-oriented than the Fidelity fund, Mr. Goldfarb said.

Kobren Insight rates these five big funds as "bolds": Twentieth Century Ultra, Janus, Kaufmann Fund, PBHG Growth and Acom.

Mr. Goldfarb also said investors should not scramble to buy shares if these funds announce they will close

to new investors. He added that there also was no point in dumping shares for investors who would face large tax hills on gains in the funds.

Some of the funds said size was not a problem. Twentieth Century Ultra, with a \$26 billion portfolio, for example, may become too large to move nimbly, Mr. Goldfarb said. The fund uses an earnings-momentum strategy that often requires quick trading in response to earnings disappointments or rejiggered forecasts.

Yet Gunnar Hughes, a spokesman for American Century, which runs Twentieth Century Ultra, said the fund had more good investment ideas now

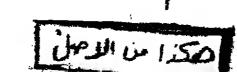
than the money to buy them.

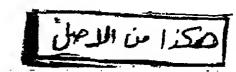
The \$22 billion Janus fund is not only a giant in its own right, it also owns many of the same stocks as other Janus funds. In the aggregate, then, Janus managers may have trouble moving large blocks of stock without pushing

up market prices, Mr. Goldfarb said. Moreover, the \$14 billion Janus Worldwide is still accepting new investments, while Janus Overseas was closed at just \$4.3 billion earlier this year. At the time, Helen Young Hayes, who runs both funds, said she was concerned that significant cash coming into the fund would make her job more difficult. A lanus spokeswoman said the Worldwide fund could own U.S. stocks as well as foreign stocks, and that makes it easier to maneuver.

New York Times Service







BRIEFCASE

Asset Allocation

all of which are recycled at

Coopers & Lybrand, one of

the forum's sponsors, said "the key aspect of the ptastic

recycling business is there is a niche for this sort of recycling

today." He said the combin-

ation of a market niche and

capture 1 percent of the avail-

able plastics, its revenue would be more than \$100 mil-

tion a year, if it sold the recycled goods at half the price

of their virgin counterparts.

The company, which has begun commercial production, bad sales of about \$2.3 mil-

Another recycling com-pany is Water Recovery Sys-

tems Inc. of Wareham, Mas-

sachusetts. Its focus is directed

toward the recovery, treat-

ment and reuse of commercial

and industrial waste waters, as

well as reversing environmen-

Prospective customers in-

clude institutional and com-

mercial laundries, car washes.

chemical, pulp and paper pro-

cessors, pharmaceutical man-

ufacturers and water suppliers.

An attractive feature of this

end of the water industry is

that those kinds of customers

need the treatment processes

strategy, and the reason it is

looking to raise funds, is to

look for acquisitions in the in-

dustry, which currently is

Inc. is seeking to commer-

cialize a technology patented

hy the National Aeronautics

initial goal is to create a new

generation of catalytic con-

will target the used-car mar-

ket. It estimated that this mar-

publicly traded. Investors seek-

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Martin Whitman will close

his flagship mutual fund, Third Avenue Value, to new

investors effective July 15.

Mr. Whitman's chief concern

is the fund's huge cash po-

sition, which accounts for

about 30 percent of its \$1.82

billion in assets, a company

nounced plans to open a real

estate value fund this autumn.

The fund, which would invest

in real estate and related

companies, will be co-man-aged by Mr. Whitman and a

real estate analyst at his firm.

It is an asset class with which Mr. Whitman has some

amiliarity. About 15 percent of Third Avenue Value's as-

sets is invested in real estate,

Avenne Small-Cap Value

ISLE OF MAN - B MONK BACC CA OVERSEAS COMPANY REGISTRATION AGENTS LTD Ompanies House, Towar Struct Remony late of Man, British lates, 8459 4AN E-mail: Int@world-mail.com

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fund:

Mr. Whitman also an-

spokeswoman said.

At Third Avenue

Airflow Catalyst Systems

highly fragmented.

tal contamination.

formula for profitability.

"some specialization" was a

MBA said that if it could

much higher rates.
Donald Hichens

in a G3 Portfolio The asset-allocation school of investing holds that if you place your cash in the right

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- Mance sheets

amounts in the right categories, above-average returns will follow. An unusual variation on

Oswaldo Costa, who runs Republic Bank of New York's G3 Asset Allocation funds. The two offshore, dollar-dear nominated funds invest only h in the so-called Group of Three industrialized nations: et the United States, Germany oland Japan. The funds are - It identical except for their exposures to currency fluctuations: The G3 portfolio is subject to swings in the in Deutsche mark and the yen ar against the dollar, while the

: changes in those currencies. Mr. Costa first buys investment-grade U.S. corporate I bonds, which act as the fund's foundation and produce inin puter model takes over, setring allocations among the of the three :.! countries according to a proprietary formula that takes into account real interest rates, -b- and rebalancing the portfolio

as every three months. The allocations are fulfilled by pur-:- chasing forward contracts on every day. The company's isi'stock-market indexes and eningaging in interest-rate swaps ras proxies for bonds. The 5. Standard & Poor's 500 stock ni index is used for the United States, the DAX is the surrogate for the German market, and the TOPIX follows has the broad Tokyo Stock Ex-

thange index. Over the 12 months ending shlune 5, the G3 fund returned -> 22.33 percent, making it the third-best performer of 93 funds in the offshore, global-lobalanced category followed by Lipper Analytical Services. The G3H Currency Hedged fund was fifth, up 20.21 percent

"What the program does is keep us out of trouble," said Mr. Costa, noting that it would have had only 3 per- could work against the comcent in the U.S. market prior pany as well as for it. (IHT) to the 1987 collapse and has been completely out of Japan publicly traded. Investors seek-

What does the model say now? In its most recent reallocation on April 30, the U.S. stock component contracted to 25.32 percent from 30.10 percent at the end of Janu-

ary That's significant beecd for the number in · g cause it's been over 30 peron cent for some time," said Mr. to Costa. Bonds looked more Lapromising for both Germany to and the United States, whose allocations rose over the previvious period to 16.67 percent Good-bye and Hello toland 32.34 percent, respec-

> i The most startling news revi gards Japan. After avoiding that beleaguered market since le September 1996, the model Or sneaked back in at the end of

> January. Currently, it is up to 1.6.17 percent for equities and stihas even a minuscule 0.78 on percent for bonds. Mr. Costa outemains confident.

> "Perhaps it's a bit preman ture, but you can't always -id catch the bottom of a mar-ket," he said. (IHT) ket," he said.

Chror information about the Funds.
10 unisynational investors can call 1 212 525 8879
34 placements can call 1 212 525 8879.

· ZEMatching Investors " With Green Stocks

· Although the track record of environmental investing is mixed, there seems to be a fair as is 25 percent of the Third amount of investor interest in the field. As industrialization spreads and cities become crowded, ecological concerns will create an opening for those companies that can produce efficient environmental etechnologies.

A group called the Environmental Capital Network, part of the conprofit Center for Environmental Policy, -Economics and Science in Ann Arbor, Michigan, is tryring to match investors with new or expanding companies in the field. It held a meeting in New York earlier this month to introduce investors to 16 selected companies. The companies are looking for relatively large amounts of cash - minimum investments range from \$10,000 to \$500,000 — but the ideas behind some of them are interesting for smaller investors

as well. Consider, for example, MBA Polymers Inc., one of the few companies working to recycle plastics from durable goods such as appli-ances, automobiles, electronics and sporting equipment, an area of increasing concern in recent years. The company said at least half the plastic products currently being made could be recycled using its technology. Most engimeering products, it said, are more valuable than paper, wood, steel and aluminum -

THE MONEY REPORT

Hold the Baloney: Serving Up Some Cash Investments

vented the money-market fund. "Uh, sure," I say, putting down my notebook. I'm not going to deprive a guy of lunch, especially at 3:30 in the afternoon.

Mr. Bent returns with chicken on white

bread. No baloney — which, in fact, might be a good motto for the empire that Mr. Bent and his son, the ponytailed "Bruce Two" (as he introduces himself) have built. From their unfashionable West Side offices in Manhattan, they manage the Reserve Funds, with \$4.6

billion in assets in 16 separate money funds.
I was visiting Mr. Bent for three reasons. First, the 885 taxable U.S. money-market funds this month will reach an important milestone: \$1 trillion in assets, up from \$500 billion in 1994 and \$45 billion 20 years ago.

Second, this is an anniversary. It was 30 years ago that Mr. Bent conjured up bis money-fund vision. One of the great democratizing developments in finance, it has allowed small investors to reap roughly the same short-term returns as the very rich. Third, and most important, I had become

interested in what the financial world calls

cash: short-term interest-bearing investments, including money funds, Treasury hills, bank certificates of deposit and savings accounts. No, the Dow's 207-point decline on Mon-day did not spook me. Cash is never a substitute for stocks as a long-term invest-

ment. But now is a good time to review your portfolio. Mr. Bent is right when he says 'everyone should have 10 percent in cash at any time" for emergencies and opportunities. "I don't care what the market is going structured like normal mutual funds — "How can we make money come to us?" to do," he said. "Unless you are a total dozens of investments contained in a portfolio Mr. Bent asked himself. "The answer was by

IND IF I GO downstairs and get maniac, you have to have some cash."

a baloney sandwich?" asks
Bruce Bent, the man who inthe United States. In fact, it is a screa Right now, cash is extremely attractive in the United States. In fact, it is a screaming

> On Monday, the Treasury auctioned bills maturing in three months. The yield: 5.1 percent. Six-month bills went for 5.3 percent. Currently, the consumer-price-index inflation rate is 1.4 percent and the gross domestic product deflator, which is probably a better product of price in the product of the a better gauge of price increases, is rising at just 1.0 percent. But, even if you use the

that is owned by investors who buy shares. Standard funds can invest in practically any debt instrument that matures in less than 12 months, including commercial paper, which is a loan that a large corporation issues by itself; bank letters of credit; foreign bank debt, and even derivatives, which are in-vestments whose value is "derived" from

something else, such as a benchmark interest rate or the value of a currency. Other kinds of funds are built from shortterm government borrowings, such as Treas-

higher figure, three-month T-bills are now paying inflation-adjusted interest of a hefty 3.7 percent a year percent a year.

JAMES GLASSMAN ON INVESTING

By contrast, in bis book "Stocks for the Long Run," Jeremy Siegel of the Wharton School at the University of Pennsylvania reports that the average real T-bill rate over the past 50 years has been 0.5 percent.

Around the T-bill rate revolve all the other short-term rates in the universe of cash instruments. For example, plain-vanilla U.S. money-market funds last week were yielding an average of 4.9 percent, according to IBC Financial Data of Ashland, Massachusens. The top-yielding fund of the 237 surveyed,

Strong Siep 1, was paying 5.7 percent. Meanwhile, U.S. banks are paying an average of 2.5 percent on their money-market accounts and 4.6 percent on six-month CDs. Money-market funds are more complicated cash holdings than bank accounts, certificates of deposit or Treasury bills. They are

tax and sometimes not to state income taxes: any kind of municipal credit-market invest-ment usually is only attractive to investors subject to American taxes. Mr. Bent's standard fund is called Reserve Primary, and, like his sandwich, it is not

my bills and debt from other federal agen-

fancy: no commercial paper, no derivatives. Last week, its seven-day yield (a standard measure) was 4.63 percent. His U.S. Government Reserve Fund was paying 4.56 percent. His U.S. Treasury Reserve Fund paid

Mr. Bent's invention, like the wheel or telegraph, was simply a matter of necessity. He was a broker and merger specialist, whose clients were not particularly interested in stocks in 1968, in a market that was in the process of planging 33 percent in 18 in the process of plunging 33 percent in 18 months (yes, these things happen).

paying higher interest rates" than people could make on savings accounts, which were then limited, by the Federal Reserve's Regulation Q, to 5.25 percent. Meanwhile Treasury notes that were maturing in three years were yielding more than 7 percent.

At first, be tried to find a state-chartered bank that would be exempt from Reg Q. When that proved impossible, he thought A mumal fund! Why don't we try a mutual fund?" He checked the law, and found that mutual funds could indeed own short-term debt instruments. But it was not until 1972 that he got his fund off the ground. In a few years, interest rates had fallen and moneymarket funds had fallen out of popularity.

"They stayed there," Mr. Bent said, "until the economy, with my patron saint Jimmy Carter's help, went to hell." Interest rates cies. Funds are also built from municipal securities that are not subject to U.S. income went to 20 percent, and the assets of taxable money funds soared from \$4 hillion in 1977 to \$182 billion in 1981. The next year, Reg Q was abolished, and banks could raise their rates and compete, but the money fund had

become an established fact. Mr. Bent sees a bright future: "I think it's just the beginning. It's a more efficient way of banking." Reserve, like other funds, offers free checking, dehit cards with rebates, monthly statements and other bank services.

The more hanks consolidate," Mr. Bent said, "the more they act as though people are a nuisance to them. We've been a branchless bank for 30 years." No haloney.

Washington Post Service For further information, coll:

 RESERVE PRIMARY FUND, J. 212 977 9982, or foll-free in the United States, J. 200 637 1700. STRONG STEP 1, 1 212 850 1864, or, toll-free in the United States, 1 800 221 2783.

For Regent Pacific, Good Times in Hong Kong

listed fund managers, Regent Pa-cific Group Ltd., which was feaand Space Administration. Its tured in The Money Report on Feb. verters for automobiles, and it 28, has turned in impressive results for its first full year as a listed company, with net earnings up 139 percent and no net bank borket was now worth \$500 mil- rowing in the year ended March 31. Funds lion annually in the United under management, including the company's

States and was growing faster own investments, rose by 9 percent. than 15 percent a year, a rate likely to increase as state and Long bearish on Hong Kong, Regent's hedge funds probably made a bundle out of the federal inspection rules are collapse in the local stock market last October, stiffened. One risk, however, and they may have done so again in the past is that regulatory changes week when Hong Kong's market hit a threeyear low. The result comes even as Regent's favorite markets - those of the former Soviet Union - have taken a beating.

The company said it had partially hedged against the fall in the Russian stock market this year but was still hurt. "The balance of

our business — which shifted out of Asia into Eastern Europe two years ago - is now redressing, and we look for eventual equilibrium in the two," said Jim Mellon, the chairman. 'Additionally, we keep a weather eye out for opportunities in Latin America and in the Middle East and Africa."

Regent owns 350 apartments in Jakarta at a cost of \$13,300 each, purchased as that city's economy melted down, and it said last week it was close to buying stakes worth a total of \$10 million in three Indonesian companies, on the theory that Indonesia will be the first

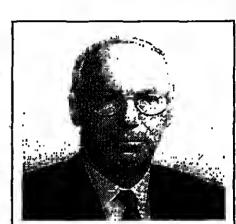
Asian country to recover from the crisis. Regent's historic price-earnings ratio is now 4.2 times, and its dividend yield stood at 11 percent on the day it announced its earnings.

Since the Money Report article in February, the stock has risen to 2.80 Hong Kong dollars (36 cents) a share from 2.35 dollars, a gain of about 10 percent, albeit with a high degree of

volatility. But that result looks solid if you compare it to the Hang Seng index, which is down about 25 percent over the period.

One problem with investing in the company's shares is that they are denominated in Hong Kong dollars, a currency that Regent itself has sold short because it thinks a devaluation of as much as 30 percent is bound to happen within 18 months. If you agree with this gloomy bet, there is an alternative: Since April, Regent has had a secondary listing in

REGENT PACIFIC trades in Hong Kong under the ticker symbol 575 and as RPG in Frankfurt. Its Weh site is www.regentpac.com The Feb. 28 Money Report article, Investing in Investors While You Still Can," is available on the International Herald Tribune's Web site at www.iht.com/IHT/ MONEY/022898/my022898.html



Correction

A photo in the June 6-7 Money Report was misidentified as that of Anthony Boeckh, editor of the Bank Credit Analyst. The correct photo of Mr. Boeckh appears above.

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Kournikova Injured

World Roundup

TENNIS Anna Kournikova withdrew from the grass-court tournament in Eastbourne, England, on Friday, a day after injuring her thumb in a victory over Steffi

Koumikova, a Wimbledon semifinalist last year, beat Graf, 6-7 (4-7), 6-3, 6-4, Thursday but fell during the match and injured her right

thumb.
"I'm going to do everything possible to be ready to play at Wimble-don," Kournikova said. "I'll be in

treatment for 24 hours a day."
The 17-year-old Russian said Xrays had shown there were oo problems but, as a precautioo, she withdrew from a doubles quarterfinal Thursday evening and the singles semifinal Friday against Arantxa Sanchez Vicario.

Sanchez Vicario, seeded No. 3, beat Serena Williams in three sets Friday to reach the semifinals. When Kournikova withdrew, Sanchez Vicario advanced to the final Saturday against Jana Novoma, the No. 1 seed.

999 Other Funds

Biorkman Beats Prinosil

TENNIS Jonas Bjorkman of Sweden, seeded No. 2, survived bis toughest test at the Nottingham Open on Friday, beating David Prinosil of Germany, 7-6, 6-3, to

earn a semifinal berth. Bjorkman began the quarterfinal at a blistering pace, dropping only two points in his first four service games, but he stuttered wheo serving for the first set and was eventually broken after a fine passing shot hy Prinosil, Bjorkman won the set on a tiebreaker and comfortably won the second after breaking Prinosil in the

He now faces a semifinal and possible final Saturday, just two days before the start of the Wimbledon championships.

Jerome Golmard of France ended Scott Draper's winning run of eight matches, when he beat the Australian, 6-4, 6-3, in their quarterfinal. Byron Black of Zimbabwe beat Gianluca Pozzi of Italy, 7-5, 6-2, and Sargis Sargsian ousted Brett Steven of New Zealand, 7-6, 6-2. (Reuters)

Senior Sets Course Record

GOLF Bruce Summerhays shot a course-record 7-under-par - 65 Thursday for a share of the firstround lead in the Canada Senior

He had seven birdies in a bogeyfree round oo the Glencoe course. Tom Jenkins also opened with a 65, closing with a birdie on No. 18 after a long delay because of rain and lightning.

Stewart Charges Ahead at Open

By Clifton Brown New York Times Service

SAN FRANCISCO - On a day when it was difficult to birdie any holes, Payne Stewart did some special things in the first round of the U.S. Open: He birdied the final three holes.

He also made just one bogey on the picturesque but lethal Lake course Thursday at the Olympie Club, a place that left many competitors complaining. cursing and putting some strange numbers on their scorecards.

When the day had eoded, Stewart was on top of his game and on top of the leader board. Shooting a well-earned 4under-par 66, Stewart held a 1-stroke lead over the surprising Mark Carne-vale. Torn Lehman and Joe Durant were in a tie for third at 68. Other prominent names like John Daly (69) and Jasper Parnevik (69) lurked within contention.

For Stewart, who has woo two major championships, the 1989 PGA Championship and the 1991 U.S. Open, Thursday's round was a pleasant reminder that when at his hest, he can play with anyone.

"I hit a lot of fairways, I hit greens and I was very patient," Stewart said. 'That's what you have to be at the U.S. Open. There are basic fundamentals to this golf course. First of all, get it in the fairway. And when you don't get it in the fairway, don't be stupid. The worst thing you can do is to hit two consecutive balls in the fairway. Because if you do that, you're going to make double-bogey."

Stewart spoke the truth. Some of the game's greatest players were forced to struggle on some holes like weekend duffers. There were hig numbers all over

By Dave Anderson

New York Times Service

parked his shiny green golf cart about 20 yards in froot of the green on the 438-

yard fourth hole at the Olympic Club,

then limped up the slope and stared

toward the rough that resembled

hunches of broccoli on a produce stand.

"Is there a ball over here?" he asked.

Several people in his gallery pointed

to the little blue flag marker near his ball, barely visible deep down in the

broccoli. So deep that he had to chip out firmly, his ball sliding about five feet.

body in the gallery mombled. But on the 437-yard sixth hole, Mar-

tin rolled in a 20-foot putt for the first

Open birdie for the first golfer to play in a U.S. Open while riding in a cart. He

had a respectable 4-over-par 74 for the

round, shooting an even-par 35 on the

About an hour before his midafternoon

past the cup. Two putts. Bogey, "Welcome to the U.S. Opeo,"

SAN FRANCISCO — Casey Martin

the board, and some pre-tournament fa-vorites such as David Duval (75), Emie Els (75), and Davis Love (78) were in danger of missing the cut Friday. Stew-

art's playing partners, Curtis Strange (77) and Hale Irwin (80), both struggled. The course played as tough as ad-vertised, with the six-incb deep rough, narrow sloping fairways and small greens making every hole difficult. Heaven forbid if the wind starts to blow this weekend, because that will make the Olympic Club even more of a torture chamber.

For Stewart, playing steadily was a strong statement for someone who has

U.S. GPEN GOLF not won an event on the PGA Tour since

the 1995 Shell Houston Open. There have been times during the past two years when Stewart has drawn more attention for his attire than for his game, and it has been frustrating for him not to play at the level he did during the late 1980s and early '90s when he was one of the world's best. Yet for Stewart, 42, experience is now an asset, and he still

has the ability to play at a high level. Thursday was one of those days. Reaching the 16th tee at 1-under par. Stewart started his string of three coo-secutive birdies, a finish that may not be equaled all week. At the par-5, 609-yard No. 16. Stewart

hit a 9-iron approach shot to within 8 feet, then made the putt. Then he went to the par-4, 468-yard No. 17 - one of the toughest holes in golf - which is usually a par-5 for members. Stewart hit a

Disabled Golfer's Dream Comes True

locker room, where he mingled with the

there talking to the great players of the

Martin's being allowed to ride a cart.

"I've seen a few of those players that were outspoken," he said. "I'm not going to name names, but they didn't go

out of their way to say 'Hi' or anything.

But at the same time they didn't speer at

me either, so I'm not going to make a hig

issue of it. I'm just trying to enjoy the experience. Not get caught up in who

said what or who is for me and who is

Tom Watson, while offering compas-

sion for Martin, was among those who

feel the game should be played while

walking. "I don't hold anything agains

him for baving that angle," Martin said

during a news conference Tuesday. "I

don't agree with him, but at the same

Martin acknowledged, bowever, that

some golfers' comments have hurt as

time it's oot like I don't like the guy.

'It's hard to believe it's me sitting

best touring pros for the first time.

world." he said.

against me."

tee time, Martin emerged from the men's much as the circulatory ailment in his

it. When the putt went in, Stewart shook his body as if be had been electrocuted. 'That reminded me of Hazeltine," Stewart said, referring to his victory at the 1991 U.S. Open.

At the 18th bole Thursday, Stewart closed his special round by making a 12foot putt for birdie, pumping his fist as the crowd roared. Stewart got a fortunate break, because his tee shot landed in the rough, then his 8-iroo approach sbot hit a ridge on the green, but bounced right instead of bouncing left into more rough. "When you get breaks at the Open, you have to take advantage of them," Stewart said. "I did."

While Stewart's round was not a total shock, Carnevale's round was. Carnevale played on the Nike Tour last year, and his best PGA Tour finish this year is

a tie for 41st place.

"I changed putters about a month and a balf ago, and I gained confidence," Camevale said.

Durant was the only player who reached 5 under par Thursday, but then he double-bogeyed No. 14. Danger lurked at every hole. Olympic features a brutal start. No. 3, No. 4 and No. 5 are ranked the second, third and fourth hardest holes on the course respectively. Get through that stretch, and you are still faced with the rough and the tiny greens. And Thurs-

day's pin placements were difficult.

"It's scary," said Colin Montgomerie, who shot even par. "I couldn't see putting the pins in some of these po-sitions. That's why the scores are so high. There was not one pin that was a gift."

But Thursday night, Stewart could driver, then a 2-iron shot that stopped 45-feet in froot of the bole. Stewart lined up the long putt, bit it confidently and made than many others could say.

right leg known as Klippel-Trenaunay-

"You wish people could understand what you deal with," be said. "If they

knew that, they wouldn't say the kind of

walking is a test of the fatigue factor in

tournament golf.
"I think I fulfill that part of a fatigue

I've been experiencing over the past couple of years has been definitely re-

he has attracted several disabled people to his gallery. "I don't feel like I'm a role model," he said, "but at the same

time, I guess I am and I want to do a good job with that and be a good ex-

ample for kids and, hopefully, to use this

No matter where Martin has played,

Martin rebutted those who feel that

Weber syndrome.

things they do.

duced due to riding.

situation for good.



A dapper Payne Stewart chipping during the first round of the U.S. Open.

Cubs Crush Phillies, 12-5

The Associated Press

Brant Brown hit three home runs and drove in five runs, and Henry Rodriguez finally broke out of his hitting slump with a two-run homer as the Chicago Cubs beat the Philadelphia Phillies, 12-

5, at Wrigley Field.
Jeremi Gonzalez (6-5) overcame a four-run, five-hit first inning in Thurs-day night's game. He allowed nine hits

BASEBALL ROUNDUP

and five runs in six innings, and went 3for-3 with an RBI.

Martins 3, Braves 2 Craig Counsell and Todd Zeile had run-scoring singles in the eighth inning, and Florida broke an 11-game road losing streak.

Diamondbacks 4, Reds 2 In Cincinnati, Brian Anderson (5-6), Arizona's first pick in the expansion draft, allowed only two hits over seven soutout innings and scored twice with aggressive

factor," be said. "I know I'ro not at an advantage physically over anybody." When not riding in the cart, Martin moves with a noticeable limp. "I bave a lot of pain in my leg," be said. "I'm not going to say all the time hnt being able to baserunning. Expos 7, Mets 6 In Montreal, Vladimir Guerrero homered, doubled, and scored twice, and Rondell White ride the last few months, a lot of the pain homered for the second straight game. Cardinals 7, Astros 6 In Houston, Mark McGwire bit a 449-foot home run into

> this season, setting the major-league record for most homers hit through June. Dodgers 5, Rockies 0 Eric Karros homered and drove in five runs, and Dave Mlicki pitched his second eareer

the Astrodome's upper deck for his 33d

sbutout as visiting Los Angeles ended a four-game losing streak. Padres 7, Giants 6 In San Francisco,

the Padres won their 10th straight game when Chris Gomez tripled leading off the ninth and scored on Ruben Rivera's sacrifice fly.

Pirates 1, Brewers 0 Tooy Womack's hloop RBI single off Doug Jones in the seventh inning gave Pittsburgh the victory in a game delayed cearly three hours by rain in Milwaukee. In the American League:

Rangers 3, Athletics 2 Aaron Sele be-came the AL's first 10-game winner and the host Rangers took advantage of Tom Candiotti's wildness to eod a threegame losing streak. Royals 5, Tigors 3 In Detroit, Jeff

King hit a two-run double and Dean Palmer homered as Kansas City got its fourth victory in five games. Yankous 5, Indians 2 In Cleveland, Scott Brosius's hases-loaded walk start-

ed a three-run ninth inning that lifted New York. Red Sox 7, Devil Rays 5 Troy O'Leary's two-run triple off Jim Mecir in the 10th

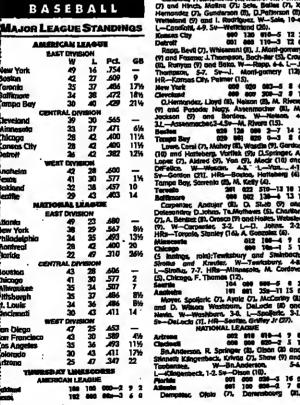
inning gave visiting Boston the victory. Alex Gonzalez had three hits and a

homer to lead an I8-hit attack, and Dave Stieb made his first major league appearance in five years. Twins 4, White Sox 1 Marty Cordova drove in three runs to help bob lewks

bury snap a five-game losing streak as visiting Minnesota won a rainshortened game. Angels 11, Mariners 5 In Anaheim.

Jarrod Washhurn remained unbeaten despite a rocky start as the Angels rallied to beat slumping Seaule.

SCOREBOARD



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37-39-76	Tom Anderson, U.S.	41-43-
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38-42-80 40-41-61 43-38-81	THE WEEK AHEAD	
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39-40-52 33-45-53 42-40-63 41-43-84 41-43-84 38-40-85 42-44-86 38-40-78-970	CRICKET London — England vs. South Africa, second test, to June 22. CYCLING, Switzerland Tour, to June 25. RUGGIY LUBBON, — S. Africo vs. Ireland: N. Zeoland vs. England: Australia vs Scotland: Argentina v France. SUNDAY, JUNE 21	
WD INIS	CRICKET, Colombo, Sri Lanks — Sri Lanka v New Zealand, Independence Cup. MONDAY, JUNE 22	
CHAMPIONISHIPS BOURME, EMELAMO TERFINALS Vicunio (3), Spain, def. .44, 6-4, 6-4, Czech Republic, def. Ir- nia, 6-4, 7-5	TENESS. Wimbledon. England — men. women. The Championships, to July 5. TUESDAY, JUNE 23	
	No major entries. WEDNESDAY, JUNE 14	
MFMALS 1949 (6), Ros., wolkover 1986-90, Bel., 6-2, 6-1,	RUGBY COMON, Suvo, F導 — F導 vs. France, Ist test.	

/C, F等 — F等 VS. THURSDAY, JUNE 25

FRIDAY, JUNE 26

SATURDAY, JUNE 27

SUNDAY, JUNE 28



Comprehensive yet concise, informed yet impartial, the affairs of the world unfold on the pages of the World's Daily Newspaper.

U.S.-Iran Match Gets a Swiss Referee

Soccer's governing body ap-pointed a Swiss referee for the game Sunday between the United States and Iran, a move aimed at easing the political overtones of the

"It's certainly no accident that a Swiss referee was chosen for this match, Sepp Blatter, FIFA's president, said regarding the appointment of Urs Meier. 'Switzerland is the only country that has excellent diplomatic relations with both countries.

Each match has one referee and two assistants. Only the referee can issue red and yellow cards.

FIFA also said it had received anonymous letters from exiled Iranians threatening to disrupt the game in Lyon. Security for the game has been bolstered.

England's Injuries Mend

England's team captain, Alan Shearer, his co-striker Terry Sher-ingham and the center-hack Tony Adams and were taken off England's casualty list on Friday.

But there was still a question about Gary Southgate's chances of playing against Romania in Mon-

day's match in Toulouse.

"We've only got one injury and that's Gareth, but he has improved quite considerably and everyone else has trained today." the team's head coach, Glenn Hoddle, said.

Southgate, who helped England defeat Tunisia, 2-0, in last Monday's opening Group A clash in Marseille, suffered a recurrence of an old ankle injury during training Tuesday.

Scottish Fans Arrested

Spanish police arrested three Scottish soccer fans Friday in the northeastern resort of Salou after a night of disturbances involving 60 rowdy supporters.

Brawling between Scotland and England fans started in a pub. The group of Scots was later arrested for insulting passers-by and smashing cars after being banned from entering a discotheque, a Civil Guard spokesman said.

France has asked police in Spain to keep a special eye on British soccer fans vacationing along the Spanish coast who have been crossing the border to watch their teams play in the World Cup.

Police Ready in Mexico

Officials in Mexico City said they would send hundreds of extra police into the streets oo Saturday as soccer fans gathered to watch Mexico's match against Belgium, Mexican media reported Friday.

About 40 people were treated for cuts and bruises following scuffles and celebrations after Mexico's 3-1 victory over South Korea last

Some of the police will be assigned to protect the Monument to Independence in central Mexico City, reports said.

WORLD CUP BRIEFS Glittering Goal Sends Nigeria to 2d Round

By Christopher Clarey
International Herald Tribune

PARIS - Daniel Amokachi boldly predicted that he and the rest of Africa's finest team would score four goals on Friday against Bulgaria. Nigeria would have to settle for just one, but it was a thing of beauty and it was enough to put the Super Eagles into the second round of these World Cup finals with one match to spare.

The goal, which by some miracle of geometry was the only goal of the

NIGERIA 1, BULGARIA O

match, came in the 26th minute after the Nigerian playmaker, Jay-Jay Okocha, took control of the ball outside the Bulgarian penalty box.

After losing one defender, he kicked the ball right in the direction of Amokachi who, with a powerful thrust of his right leg, flicked it toward the goal where his longtime rival. Victor Ikpeba, was waiting. Ikpeba accelerated past Trifon Ivanov and knocked the ball underneath the armpit of the Bulgarian goalkeeper, Zdravko Zdravkov. On paper, that sequence sounds lo-gical, almost clinical, but what a hlow-

by-hlow description cannot convey is the startling speed with which the Nigerian stars went about their husiness. After the ball had rolled into the net, Ikpeba and Amokachi were locked in an embrace, their differences in the past overwhelmed by their delight in the present.

There was much to be delighted about in this match. The Nigerians, with the red-haired Okocha at the controls, were pushing forward from the start, just as they had four years earlier when they had

beaten the Bulgarians, 3-0, in their open-ing match in the 1994 World Cup finals.

That victory hinted at a continental shift in power, but it would be the Bulgarians who would get to the semifinals in the United States and the Nigerians who would lose in the second round.

It remains to be seen whether Nigeria can improve on its performance, but it is highly unlikely that Bulgaria will. In November 1993, Hristo Stoichkov, Emil Kostadinov and Krassimir Balakov and four other members of this team had come to the Parc des Princes and stunned France with a last-minute goal from Kostadinov that kept the French from qualifying for the last World Cup finals.

But the French fans who filled most of the stadium's seats Friday exacted a of the stadium's seats Friday exacted a large measure of revenge. In the early going, whenever Stoichkov or Kostadinov touched the ball, they were greeted with whistles and jeers, and despite all their considerable guile and gift for counterattack, they could oot find a way to put the ball past Nigeria's rather shaky goalkeeper, Peter Rufai.

They came agonizingly close on three occasions. In the 41st minute, Balakov flicked a shot over the charging Rufai.

flicked a shot over the charging Rufai that bounced softly past the far post. In the 65th minote, Kostadinov struck a leftfooted shot that Stoichkov cut off just in front of the goal. Rufai was already diving the other way and the Nigerian goal was there for the taking, but the volatile man who was once considered Europe's finest player blinked this time, and when his shot had somehow sailed wide right, Stoichkov pitched forward onto the grass and stayed there a while.

The Bulgarians would experience one more near-miss in the 86th minute when Kostarlinov's angled shot beat



Nigeria's playmaker, Jay-Jay Okocha, bowling over Zlatko Yankov of Bulgaria in their game Friday in Paris.

Rufai hut ricocheted off the crossbar. not the Nigerians, are the team with just The 30-year-old striker screamed in frustration. The Parc des Princes was no longer brimming with good memories.

The Bulgarians had dominated the second half on the sort of ranggy afternoon that one would think would favor the Africans, but the Bulgarians,

one point after two matches, Bulgaria still has a mathematical chance to reach the second round if it defeats Spain oo Wednesday in its final Group D match. The Nigerians, who have six points after their two victories, will face Paraguay, which played Spain late Friday night.

It is a remarkably comfortable position for a team that was in great disarray before this event began. After losing 3-0 to Yugoslavia and 5-1 to the Netherlands in friendly matches, Nigerian anthorities, including the late president, San Abacha, were seriously considering fire

Bittersweet Victory Leaves France With a Weakened Attack

By Christopher Clarey
New York Times Service

SAINT-DENIS, France -- If you glanced quickly at the field at the end of Thursday night's game, there appeared to be little reason for even a French person to complain.

France had just won, 4-0, over Saudi Arahia to become the second team after Brazil to clinch a spot in the second round of these World Cup finals. The players were basking in the sound of a crowd of 80,000 roaring its approval.

But if you looked closely, there was

Dugarry's close friend Zinedine Zidane. Yes, the French team has soothed some of the fears about its ability to score with seven goals in two matches. Yes, the team's defensive instincts and organization are among the world's finest. But they are now running dangerously low on center-forwards, and they will have to do without their finest player, Zidane, for two matches. Zidane was ejected from the game in the 70th minute after he appeared to dig his cleats willfully into Saudi midfielder Fuad Amin's leg.

Zidane's coach, Aime Jacquet,

punished," Jacquet said grimly.
What made Zidane's red card re-

markable was that it was the fifth of the day. Three were awarded in the earlier Group C match between Denmark and South Africa. Two were awarded on Thursday night: the first in the 19th minute to Sandi defender Mohammed Khlawi after a late tackle oo Bixente Lizarazu on the left wing.

Clearly, the referees are taking the new FIFA president Joseph Blatter at his word. Blatter has been attempting to good cause for pessimism. There on the bench was the French striker Christophe Dugarry with crutches io both hands.

Nowhere on the bench or the field was been given in three matches.

On Friday, it was 11 Frenchmeo against 10 Saudis for much of the match, and it probably would oot have been much of a match even on equal fonting. The French were in control from the start, and if they had been more decisive offensively, they could have gotten much more than two goals from fast-rising star Thierry Henry, one goal from David Trezeguet and one goal from Lizarazu.

"I think the result fairly reflects the technical difference between the teams," said Saudi coach Carlos Al-

tellingly did not protest on Friday. berto Parreira with refreshing candor.
"You can't let an act like that go un-Parreira left the U.S. professional soccer league to coach the Sandis for a fistful of petrodollars and the oppor-tunity to lead his fourth different team in a World Cup. But after two losses, his new team has no hope of repeating its surprising 1994 performance and qualifying for the second round. That will not delight the Saudi princes who have a

between Asian football and European

football," Parreira said. "So I think this year-old Trezeguet sprained his left pressure is not correct. We should have come and enjoyed the World Cup."

How much the French enjoy the rest of their World Cup depends a great deal on how loog their team stays in cootention. France started with three center-forwards: Dugarry, Trezeguet and Stephane Guivare h. Guivare h strained ligaments in his left knee in the opening match and remains questionable for Wednesday's final first-round match The difference is still very clear against Denmark, which will decide who finishes first in Group C. The 20-

ankle in practice but still managed to play Friday in relief of Dugarry, who severely strained his right hamstring in the 28th minute and should be out of action for at least two weeks.

With its best team, France would be expected to beat Denmark. Without Zidane and without healthy strikers, it is difficult to know what to expect. The good news is that with Zidane gone, they scored two more goals with Your Djorkaeff as playmaker. The bad news is that they did it against Saudi Arabia-

Goalless Japan Needs to Beat Croatia

2:30 P.M., Saturday Victory for Croatia will put it into the next round while almost certainly eliminating Japan. Croatia won comfortably but not convincingly against Jamaica. Japan was impressive in defeat against Argentina hat is still seeking its firstever World Cup goal and World Cup point. Belgium vs. Mexico, Bor-

loaux, 5:30 P.M., Saturday Mexico looked dangerous against South Korea after the Koreans had been reduced to 10 men. But the Belgians remained huddled in defense

We buy WORLD CUP TICKETS Best prices paid Tel.: +33 (0) 1 43 29 71 28 even after the Dutch had lost second-round place for Mexico. Belgium knows it is unlikely to advance with 0-0 draws in every match. Notherlands vs. South Ko-

roz, Marsoillo, 9:00 P.M., Saturday Patrick Kluivert, the out-of-form striker, is suspended for two crucial matches. This means that Dennis Bergkamp, the only other Dutch striker of proven international stature, will almost certainly start after his long layoff be-cause of injury. He will be needed. The Dutch could not score against the Belgian defense. They will face similar problems Saturday.

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tion because of its wider political significance, but this game will go much further to defining the global balance of WEEKEND MATCHEE power. Germany

Lens 2:30 P.M. Sunday The

other match in Group F (U.S.

vs. Iran) has attracted atten-

looked impressive against the United States, a sort of junior version of themselves. But Yugoslavia, disappointing against Iran, will pose different problems. Even if Dejan Savicevic does not respond to the blackmail of his coaches and decide he is fit to play, Predrag Mijatovic, on his own, can still make the German defense work harder than the whole American team did. A draw would probably suit both teams, but Oliver Bierhoff, who looked clumsy against the United States, will need a

goal sooo to preserve his

starting spot.

victory, Argentina will advance to the next round. Gabriel Batistuta oceds to step up his scoring rate to keep up World Cup standouts so far - Marcelo Salas, Thierry Henry and Christian Viera - while the Jamaicans, overmatched at nearly every positioo, must produce a strong performance to dispel the notion that they are happy just to be in France.

United States vs. Iran, Ly-

on, 9:00 P.M. Sunday For the United States, the World Cup starts here. Steve Sampson, the coach and his players. must have known that since the draw was made. As Kasey Keller, the goalkeeper, asked after the loss to Germany: Did anyone expect the Americans to avoid defeat in that match? That is why the second-guessing in the U.S. camp this week seemed so odd. If they were oot clear in their own minds how they were going to beat Iran, and then Yugoslavia, long before they arrived in France, the Americans have a problem.

decidedly Steinbrenneresque approach to hiring and firing coaches. ACROSS 1997 N.H.L. M.V.P. Domini

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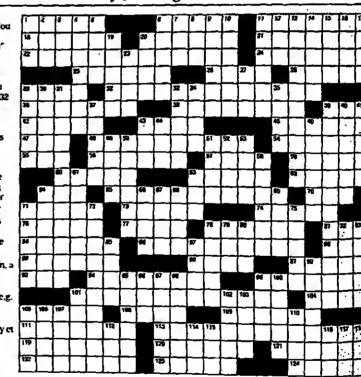
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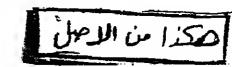
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Sunday, All Iranians Will Be Watching

Even Exiled Dissidents Hope for a Victory

By Rob Hughes nternanonal Herald Tribuni

LYON - Up to now, every match in this World Cup, even the England match marred by hooliganism outside the stadium, has been about winning, losing, refereeing and nothing else.
Sunday in Lyon will change that. Iran

versus the United States is a game President Bill Clinton is prepared to couch in terms of reconciliation. It is for him, and

VANTAGE POINT

for Mohammed Khatami, the president of Iran, to determine how far they want to stretch the symbolism of sport in narrowing their country's ideological difference

But Stade Gerland on Sunday night will assuredly place an invidious political stress on the 11 players chosen to represent Iran. In the audience, maybe even side hy side, will be members of the Revolutionary Guards, Iran's most powerful military force, as well as exiled dissidents committed to the overthrow of the mullahs.

"I was always a sportsman first," 'swears Hassan Nayeb-Agha. "I played in the midfield when Iran was last at a World Cup, in 1978. I have a ticket for Lyon, and I will go with mixed emotions. Part of me wants to be a footballer again, but I cannot allow this moment to pass, I cannot risk the mullahs profiting from this match, without showing my

Speaking of the fundamentalists, he adds, "These people destroyed sport in my country, destroyed life.

He pauses, "Maybe you know that Habih Khabiri, who was the captain of the team which reached the 1978 World Cup in Argentina, was executed by the Khomeni regime because he supported Mujahidin. I don't think you could know that three members of my own family were murdered for the same reason. I, too, was on the blacklist of the intelligence police, so with all the feelings I can appreciate the players of today must have, it isn't possible for me to go into that stadium and separate the sport and politics."

Nayeh took a doctorate in sociology in San Diego before seeking asylum in sports writer and a tutor to young Iramans. He is committed to soccer, but

more so to the resistance. It is an earie experience talking soccer with Nayeb. He loves the sport deeply. He remembers how the euphoria of Argentina's capturing the 1978 title "even though Holland would not have lost that final anywhere in the world outside Buenos Aires" helped to liberate the people from military repression. And he is far from alone in thinking that Sunday night in Lyon could be a stepping stone on the purpose

that consumes him. Iranian resistance groups claim that all 3,000 rickets allocated by FIFA to Iran are in the hands of the Revolutionary Guards and their supporters. Nayeh believes that the Iran players in their luxury camp, a chateau in Yssingeaux, are prisoners policed night and day. "We," he said, still using the word of belonging, "have a good team, hut how can the players express their talents when they are morally repressed?"

The view, Nayeh acknowledges, can be seen as propaganda. But when he, and apparently thousands of exiled Iranians who through the black market, through friends, and through perseverance on that interminable France Telecom ticket line, make their voices heard in Lyon, he appreciates he will add to the turbulence in players' minds.

Mahboobeh Soufaf, another resis-

tance member, will be at her first soccer game, and as close to her people as she has been able to get since the Islamic revolution in 1979. On first acquaintance, Soufaf has that stern appearance of the political activist. She could not tell Khodadad Azizi, the Cologne player, from Karim Bagheri or Ali Daei, the two other potential Iranian match winners who also make their livings in Deutsche marks.

They have not, until this weekend, been central figures to her mission. "Every Iranian," sbe says, "wants the team to win. But the government, which killed a former captain of the national side and which stones women to death, should not be allowed to benefit from a football game."
But if Azizi scores, how will she

react? That does it. Soufaf's face lights



The U.S. player Eric Wynalda, seated, talking about the match with Iran.

forbidding headdress suddenly as a beautiful woman. "I want them to score!" she replies. "I am Iranian. I'm sure the emotion will show through."

Yes, Soufaf can imagine herself punching the air. Yes, she can sense Hassan Nayeb-Agha's devotion to the

But primarily she is there, and he is there, to ensure that the anger of Iranians in exile is not glossed over by the jubilation that could possibly rise this The Iranians are not as good as the

team in the last days of the shah, but are potentially quicker and more instinctive ball players than the Americans. What happens in the match, however, will be determined in the minds, in the marrow, of players who have to remain con-Paris, where he works today, at 47, as a up, rather like seeing a nun beneath her centrated on the ball and forget the faces for The Times of London.

in the crowd, many of which will be watching one another and not the play. But sport is not a new phenomenon to

Iran, Neither is the American conversion. Watching somewhere on a TV set will be Andre Agassi, a rather gifted tennis player, whose father, Mike, was an Iranian Olympic boxer four decades ago. Playing sport until it hurts ain't nothing new. I think back to the words of coach

Jalal Talehi, "Please," he implored, "don't make it too hig for us. This is a game. A game. Where has Talebi been this past 19 years? In America, serving the game

that had once been shut down as a Western product of depravity in his

Rob Hughes is Sports Correspondent

Paraguay Holds Spain To a Scoreless Draw

Goaltenders Make It a Hard-Fought Duel

SAINT ETIENNE, France - Spain stood on the brink of first-round elim-ination from the World Cup after it was held to a 0-0 tie Friday by Paraguay. The Spaniards, strongly favored to

reach the quarterfinal at least, forced Paraguay's star goalkeeper, Jose Luis Chilavert, to make several top-class

But Juan Pizzo, Luis Enrique and Raul Gonzalez couldn't find the target and Javier Clemente's team is in serious danger of going out in the opening

Having already lost 3-2 to Nigeria, the Spaniards have only one point but at least moved up to third above Bulgaria on goals scored.

The result meant that the Nigerians. who downed Bulgaria, 1-0, at Parc des Princes earlier Friday, clinched first place in Group D while the Paraguayans, who haven't seen a goal scored in two 0-0 ties, are best-placed to join them in round two.

Paraguay has two points and Bulgaria and Spain have one each while the Nigerians have already qualified for the second round after two victories.

Clemente made five changes after the 3-2 loss to Nigeria when his team twice

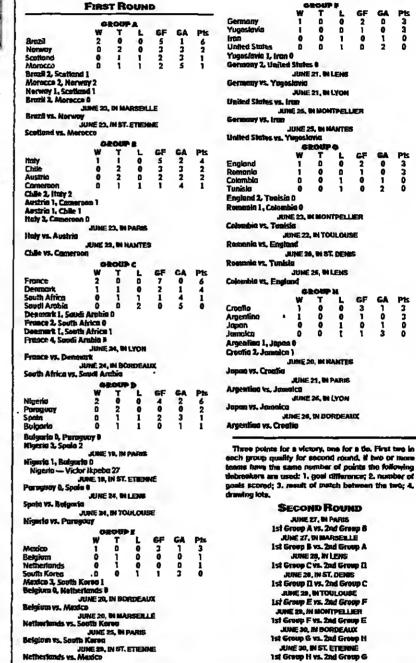
lost the lead. But Paraguay, which was held to a 0-O tie by Bulgaria, created the first danger in the 15th minute when a low, 25-meter free kick by Miguel Angel Benitez got

through the defensive wall. The shot was confidently held by Spain's goalkeeper, Andoni Zubizarreta, who was fortunute to stay on the team after his hlunder gifted Nigeria its second goal.

A chance fell to the Spanish striker Juan Pizzi in the 21st minute when the Paraguayan defense failed to clear a cross. The striker headed powerfully goalward from 12 meters but Chilavert punched the ball acrobatically behind for a corner.

After Zuhizarreta had punched away a powerfully-struck 25-meter shot from Benitez, Paraguay won a free kick 30 meters out and Chilavert, who has scored three times for his country, moved up to take a shot at goal.

His well-hit free kick hit the defensive wall and deflected to Francisco Arce whose 12-meter shot was deflected for a corner.



GAMBLE: European Basketball Has Grown, But U.S. Soccer Seems to Have Shriveled

Continued from Page 1

dropped off outside Parc des Princes by soccer moms between trips to the orthodontist and the Eiffel Tower, Harmafter the match, too bored to waste ink on dismissiveness or contempt. No skills, no plan, no passion. Rather than America's faults or strengths of character, the team mirrored a void.

A headline in this newspaper on Thursday said, "Americans Take a Wordly View, Pragmatism Inspires Interest in Languages and Contacts," which argued that in spite of what people tend to assume, Americans are not turning their backs on the outside not turning their backs on the outside

But the fact is that if you start thinking of sports as a minor metaphor for the state of society, over the last decade it is European basketball and not American

soccer that has progressed vastly, hit-ting a vein of street culture and creativity that have that actually brought a few shards of light to life.

Who's Mirsad Turkcan? Or Radoslav that matter? Sports Illustrated says they're three likely first-round picks from the Euro-league in the NBA draft. A German kid named Dirk Nowitzki supposedly amazed the unamazable Larry Bird. An American team member like Chris Deering sits on the bench in the German Bundesliga, but do you seriously see Inventus or Real Madrid pouring over scouting reports from Far Rockaway High?

Street ball now exists in Europe. In housing projects like La Castellane, where Zinedine Zidane, one of the World Cup's most brilliant players, grew up ou Marseille's mean north side, kids play almost as much b-ball these

one sport over another here, but it does the top: Hire Eric Cantona, Manchester point to the incapacity of the American soccer establishment to find its way off whose excesses would fit America's the lawns and into the school yards.

What it looks like is that American soccer has grown in ou itself, and in the process has virtually stopped growing at all. The very American U.S. team coach, Steve Sampson, has a kind of California-ish, Smothers Brothers look to him, which may go down great in the suburbs, but he is devoid of international soccer legitimacy. The sport's officials seem to talk only to themselves, and look ready to continue huilding the sport in their own bland, middlehrow image. We knew that it would take generations for America to produce soccer filigree, but there's no flash or even a flicker in the meantime.

Certain that I will be harshly judged in time for my careless confidence on

days as soccer. There's no triumph of the German match, I choose to go over United's one-time French genius, continental scale, as the sport's national supremo. Let him bring craziness and beauty to the American soccer species, which now has none.

If Cantona's husy, get Paul Gascoigne, dismissed from the England squad for extra hard living hut never a lack of brilliance.

In the meanwhile, the American team, which plays Iran ou Sunday in Lyon, should pay no attention to this stuff from Bill Clinton about smoothing things out. It appears the president does not listen to French radio. It quoted Bruno Gollnisch, a leader of the racist National Front, saying Friday morning he would attend the match as the guest of the Iranian ambassador. Guess who he wants to win.

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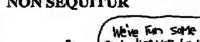




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Call Me in the Morning

MIAMI — I was lying on the sofa and watching my favorite TV show, "Whatever Is on TV When I'm Lying on the Sofa." I was in a good mood until the commercial came on. It showed an old man (and when I say "old man," I mean 'a man who is maybe eight years older than I am') helping his

grandson learn to ride a hicycle.

I was watching this, wondering what product was being advertised (Bicycles? Dietary fiber? Lucent?) and the announcer said: "Aren't there enough reasons in your life to talk to your doctor about Zocor?"

The announcer did not say what "Zocor" is. It sounds like the evil ruler of the Planet Wombax. I figure it's a medical drug, although I have no idea what it does.

And so, instead of enjoying my favorite TV show, I was lying there wondering if I should be talking to my doctor about Zocor. My doctor is named Curt, and the only time I go to his officie when I are a president as elect out tractical symptom. office is when I am experiencing a clear-cut medical symptom, such as an arrow sticking out of my head.

Television has become infested with commercials for drugs that we're supposed to ask our doctors about. Usually the announcer says something scary like, "If you're one of the 337 million people who suffer from parabolical distabulation of the

"Zocor"? Ha! Must be the evil ruler of the Planet Wombax.

would never have dreamed of

talking to Dr. Cohn about Zo-

cor or any other topic, be-

cause the longer you stayed in his office, the greater the

frenulum, ask your doctor about Varvacron. Do it now. Don't wait until you develop boils the size of fondue pots." At that point, you're thinking, "Gosh, I better get some

Then the announcer tells you the side effects.

"In some patients," he says, "Varvacron causes stornach discomfort and the growth of an extra hand coming out of the forehead. Do not use Varvacron if you are now taking, or have recently shaken hands with anybody who is taking, Fladamol, Lavadil, Fromagil, Havadam, Lexavon, Gungadin or breath mints. Discontinue use if your eyeballs get way smaller. Preg-nant women should not even be watching this commercial." So basically, the message of these drug commercials is:

You need this drug. This drug might kill you. I realize that the drug companies, by running these commercials, are trying to make me an informed medical con-sumer. But I don't WANT to be an informed medical consumer. I liked it better when my only medical responsibility was to sock out my tongue. That was the health-care system I grew up under, which was called "The Dr. Mortimer Cohn Health Care System," named for my family doctor when I was growing up in Armonk, New York.

Under this system, if you got sick, your mom took you to see

Dr. Cohn, and he looked at your throat, then he wrote out a prescription in a Secret Medical Code that neither you nor the CIA could understand. The only person who could understand it was Mr. DiGiacinto, who ran the Armonk Pharmacy, where you went to get some mystery pills and a half-gallon of Sealtest chocolate ice cream, which was a critical element of this health-care system.

I liked it better when all I had to do was stick out my tongue.

danger that he might sud-denly decide to give you a "booster shot." We did have TV commercials for medical products back then, but these were non-scary, straightforward commercials that the layperson could understand. For example, there was one for a headache remedy that showed the interior of an actual cartoon of a human head, so you could see the three medical causes of headaches: a hammer, a spring and a lightning bolt. There was a commercial for Gleem toothpaste with Gardol. which had strong medical benefits, as proved by the fact that when a haseball player threw a ball at the announcer's head, it (the hall) bounced off an Invisible Protective Shield. There was a commercial for a product called "Serutan." I was never sure what it did, but it was definitely effective, because the announcer came right out and stated - bear in mind that the Food and Drug Administration has never disputed this claim

- that "Serutan" is "natures" spelled backward. You, the consumer, were not required to ask your doctor about any of these products. You just looked at the commercial Family members have up to four months to dispute the late and said, "A hammer! No wonder my head aches!" And none emertainer's wishes, though his attorney, Andrew Garb, said of these products had side effects, except Gleem, which, in the "no contest" clause should be a powerful deterrent to legal addition to deflecting baseballs, attracted the opposite sex.

TV sometimes makes me so nervous that I have to consume a day, and he left the bulk of his \$6 million to the family. certain medical product. I know it's effective, because it's "reeb" spelled hackward.

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Bill Frisell Lets the Human Spirit Do the Work

By Mike Zwerin
International Herald Tribune

PARIS - Listening is not in-stinctive. We need to be reminded. We seem to be losing the habit. People pretend to listen. They assume the attitude of a listener, nodding in appropriate places. Or they do not even bother. There are many distractions. The television is on without sound. There's a record on the stereo. The phone rings. The conversation at the next table takes an interesting turn.

People formulate answers instead of concentrating on the questions. They remember jokes. (Selfimprovement programs now include courses in listening.) It turns into a kind of "can you top this?"

When it comes to musical conversation, a.k.a. collective improvisation, many musicians concentrate on their ego and their technique and make sure they are following the rules before attempting to converse. They show off, communicate to the audience more than to each other. It ends up as a string of mono-

logues, not a conversation.

It is said that Duke Ellington gave only one word of advice to his musicians: "Listen!" Musical conversations are nonverbal. They are physical (blowing air into a tube, picking strings) and meta-physical at the same time. They require energy, concentration and spirituality. Collecove improvisacon involves a unique combinacion

of soul, empathy and intuition.
These are Bill Frisell's axes. He did not have to learn intuition, and widely imitated guitarist to emerge in jazz since the beginning of the 1980s." He learned long ago that playing as loud as Jimi Hendrix or passes composing a two-part instant and the learned long ago that playing as loud as Jimi Hendrix or posers composing a two-part instant and the learned long ago that long ago



The jazz guitarist Bill Frisell relies on an eccentric delivery, like a knuckle-baller.

he picked up the electric guitar and came accustomed to going back

He remembers one with the British reedman John Surman, Surman, who looks like a friendly shaggy dog—with more of a bark than you might expect—remembers it too. "I like playing in duo." Surman says. "I like the clarity of a two-sided conversation. It's the easiest there are no textbooks on empathy.

The New York Times has called sided conversation. It's the easiest frisell: "The most significant and of all. Outside of a one-sided conversation.

Bela Fleck, John Zorn, Paul Mo-tian, Don Byron, Charlie Haden,

Elvis Costello and Carla Bley.
Pieces he wrote for Gary Larson's television special "Tales
From the Far Side" are punctuated by detonations and wails. Frisell and Larson are friends and neighbors in Seattle. Some of the song titles are "Egg Radio," "Bob's Monsters"

and "Deep in the Heart of Texas." He has recorded his versions of various works by American composers - Aaron Copland's "Billy his bags. He relies on an eccentric was "amazing — John and I the Kid" and pieces by Charles delivery, like a knuckle-baller. He would get so connected that some Ives and John Philip Sousa. There is

playing a composed piece." With and Madonna. And his sound track his delicate detuning and maver- for a Buster Keaton silent movie

became accustomed to going back and forth between acoustic chamber and electric rock music. Dynamic variety became his forte. He plays the electric guitar as though it were an acoustic instrument.

Frisell has found that meaningful musical conversations are rare.

Marianne Faithfull, Joe Lovano, Bela Fleck, John Zorn, Paul Moand in the surface of the mild-mannered mad-scientist about him.

College of Music in Boston, Frisell learned about "avoid notes" — chordal steps that students are "eclectic." He has performed with a mainer seventh chord, for example) at all costs, Having something of an at all costs. Having something of an anarchist streak, he made it a point to play them as often as possible. He even tried to discover new ones

in order to not avoid them either.
Such rules overlook such governing details as where the note comes from and goes to and how much time is spent on it. Splitting notes into two on a saxophone was to be avoided until John Coltrane made it an expressive tool. "Darnn the rules," Coltrane said, "It's the feeling that counts."

Frisell's recently released trio recording "Gone, Just Like a

Krauss is the country-folk singer Lyle Loven's bassist. Keltner has: played with Bob Dylan, John Lennon, John Hiart, Eric Clapton and Ry Cooder. Frisell sounds a bit like Hendrix with a country twang - 2 sound you have not heard before and would like to hear again.

These are not Frisell's habitual partners, although he has admired Kelmer from a distance for a long time. He is "completely into simulations where I play with people E never met before as long as some body else is responsible for what happens. I get a real charge from not knowing what's going to happen. But before this record I had never really done that with my own

Passing through Paris recently, he was on his way home to Seattle looking forward to laying back for a few months. He said he was "utterly worn out." He wanted time and space to write some music and to get to know his 12-year-oldsWith Vagu

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Before moving to Seattle eight years ago, he had lived in New Jersey for 10 years. And before that there were a few years in Belgiums In between and during, he has spentincreasingly long periods coming and going and not staying. In the past year, he traveled from Seattle to Europe six times.

This lifestyle has been described. by one balding bebopper as "keep; ing husy until I decide what I want to do when I grow np." Home it just one more stop on the circuit. Playing music still gives Frisell as adrenalin rush, but lately there have been concerts where, for the first humans began to get in the time, burn-out began to get in the way of performance.

Meanwhile, he continues his investigation into "avoid notes" and how not to avoid them. "Now I'm going way hack to when I was a kid," he told Down Beat magazine.
"Performing in a marching band, playing clarinet, even remembering songs I heard when I was 2 years old. Whatever comes up, I'm. lets the human spirit do the work.

Growing up in Denver, he played unison melodies together. The the drummer for Cream. He has Nashville bassist Viktor Krauss going to use and not judge even if the clarinet in high school. After that

PEOPLE

HE 15-year-old heir to the British throne after his father Prince Charles, Prince William has made his first complaint about press intrusion. William objected to the Press Complaints Commission, an industry regulatory body, that a supplement devoted to him in the Mail on Sunday last week violated privacy guidelines. The supplement contained supposed details on William's girlfriends and suggested they were "vetted" by royal officials. The press commission said Friday that William's complaint had been "swiftly and amicably resolved," but gave no details of the resolution. Despite self-imposed guidelines urging restraint in the coverage of William and his 13-year-old brother, Harry, since the death of their mother, Diana, Princess of Wales, the press has shown continual if nonintrusive interest in the pair.

Frank Sinatra ensured that his will would not be contested by including a clause disinheriting anyone who challenged it. challenges. Sinatra died in May and left most of his assets to his Life was simpler then, as opposed to now, when watching wife and children. His will was admitted to probate on Thurs-

Jennifer Jason Leigh will replace Natasha Richardson in the Broadway revival of "Cabaret." Richardson won a smart and fir better," Frank Thorp added.

Tony Award this month for her role as the exooc English chanteuse Sally Bowles. She leaves the show Aug. 2, the day ber busband, Liam Neeson, ends his Broadway run as Oscar Wilde in "The Judas Kiss." Leigh will take over on Ang. 4. It will be her first Broadway musical.

A man in Virginia was sentenced to two years in prison for faking his death three times to heat drunken driving charges. Peter Gentry, a financial planner, was caught after a police officer who made one of the drunken driving arrests spotted him running a stop sign after Gentry had supposedly died. Gentry was first arrested in 1991, but an official-looking death certificate sent to the police said he had died in a Los Angeles auto crash and the case was dismissed. In 1994, he was arrested again and sent in another death certificate. A year later, Gentry was again arrested and then supposedly died of 'denzor

The U.S. Navy is deep-sixing its unpopular bell-bottom dungarce working trousers in favor of a spiffy new straightlegged dark-blue poly-cotton blend. The old pants, easy to roll up in the days when sailors scrubbed decks in their bare feet, bave been worn for 60 years. They had grown impopular because they faded quickly and smacked of an era gone by, a navy spokesman said. "Sailors wanted a uniform that stayed



QUEEN OF HATS - A flowered creation floating along during Ladies Day at Royal Ascot in England where hats of flowers, fruit and feathers abounded



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